CAFR 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TROPHY CLUB

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

Town of Trophy Club, Texas

For the Year Ended
September 30, 2018

Prepared by

Thomas M. Class, Sr.
Town Manager

Jonathan Phillips
Director of Administrative
& Financial Services

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

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TOWN OF
TROPHY CLUB

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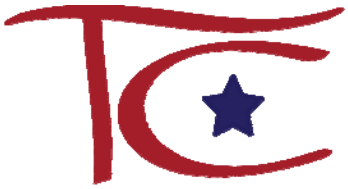
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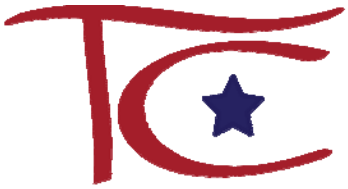
INTRODUCTORY SECTION


TOWN OF
TROPHY CLUB

Town of Trophy Club
1 Trophy Wood Drive
Trophy Club, TX 76262
Phone (682) 237-2900
Fax (682) 237-2996

March 12, 2019

Honorable Mayor, Members of the Town Council,
And the Citizens of the
Town of Trophy Club, Texas

The Town's Finance Department has a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) which were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Comprehensive Annual Financial Report (CAFR) for the Town of Trophy Club, Texas for the fiscal year ended September 30, 2018 is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the Town's financial statements in conformity with GAAP. Internal controls should not outweigh their benefits; therefore, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial records have been prepared and audited by BrooksWatson & Co., PLLC, Certified Public Accountants, as required by the Town Charter. This CAFR has been prepared based upon those audited records. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2018. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town of Trophy Club, Texas incorporated in 1985 as Texas' first premiere master planned community, is located in the North Central portion of Texas. This area of the State has proven to be one of the top

growth areas in Texas and the United States. The Town currently occupies a land area of just over 4 square miles and serves a growing population of approximately 13,838. The Town is empowered to levy a property tax on real property located within its boundaries. Trophy Club is also empowered, by State statute, to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the governing council of the Town.

Trophy Club has operated as a Home Rule municipality utilizing the Council-Manager form of government since 2004. With the Charter Amendments passed at the May 11, 2013 election policy-making and legislative authority are vested in the Town Council consisting of the Mayor and six other council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing boards and committees, and hiring the Town Manager, Town Secretary, Municipal Judge, and Town Attorney. The Town Council is elected on a non-partisan basis. With the Charter Amendments passed at the May 9, 2009 election, Council members are elected from the Town at-large-by-place in the manner, for a term of three (3) years or until their successors have been elected and take office. Each Council member shall be elected to and occupy a place on the Council, such Places being numbered (e.g., Place 1, Place 2, Place 3, etc.). No person shall serve as Mayor or Council member for successive elected full terms totaling more than six years. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, overseeing the day-to-day operations of the government and for appointing the heads of the various Town departments.

The Town of Trophy Club provides a full range of municipal services including general government, public safety, streets, parks and recreation, planning and zoning, code enforcement, and drainage utilities. Water/wastewater are provided through the Municipal Utility District.

Local Economy

Fast-paced growth is one of the Town's identifying characteristics, identified by both the Dallas Business Journal and Fort Worth Builders Association. Trophy Club's location between DFW and Alliance Airports is ideal for businesses and residents, as well as those who commute to Dallas, Denton, Las Colinas, and Fort Worth. Trophy Club maintains a small-town, picturesque feel while taking advantage of nearby metro areas. The Town offers an outstanding quality of life, with great educational and recreational amenities as well as two 18-hole premier golf courses including the only course designed by Ben Hogan.

The North Texas region possesses diverse research and education institutions, logistics, oil and gas, manufacturing and industrial, and a professional services base that has contributed to the relative stability of the unemployment rate with approximately half of the local workforce employed in management, professional, and related occupations. Figures from the Bureau of Labor Statistics indicate a Denton County unemployment rate of 3.2% while the national unemployment rate is 3.7% as of 2018.

Trophy Club has worked diligently to position itself for a significant future within DFW and the Alliance corridor. The Town has issued over 1,000 building permits for high end homes over the past 6 years, with another 10 building permits anticipated for Fiscal Year 2019. Additionally, the Town's tax base exceeded $1.8 billion net taxable value in 2018. Business growth continues to be strong in Trophy Club and the Highway 114 region. The Town directly benefits from those businesses locating within the Town or professionals moving to our neighborhoods who work at nearby corporations.

Long-Term Financial Planning

In December of 2015, the Town refunded the Trophy Club Public Improvement District #1 (PID) bonds which will help residents of the PID realize over $16.4M in savings over the life of the debt. In June of 2017 the Town issued $4,445,000 in Certificates of Obligation Bonds for the purpose of streets reconstruction.

Budgeting Process

The Town of Trophy Club uses a program-based budgeting process. Each budgeting unit provides for the expenditures associated with services and supplies appropriated for in the prior year budget. Personnel expenditures are compiled by the Finance department. Any funding request that represents new expenditures and programs must be submitted as a separate supplemental request. Capital items are funded based on a replacement schedule, need, and available resources.

Revenue Projection

The budget revenue projections for the new fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with help from the Finance staff. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information.

Proposed Budget Analysis/Compilation

The Finance Department reviews and compiles a preliminary departmental budget to present to the Budget Team, which is comprised of the Town Manager, Director of Finance & Administration, and Finance Manager. During Budget Team discussions, each department director answers questions from the entire group concerning their budget.

Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

Proposed Budget Development

The Town Manager shall prepare and submit to the Town Secretary, the annual budget covering the next fiscal year. The Town Manager's proposed budget should assume, for each fund, operating revenues and resources that are equal to, or exceed operating expenditures. The Town Manager's budget message summarizes funding requirements, major changes in programs, and alternatives for funding.

Town Council Budget Study

Each fund's information, supplemental items, capital replacement data, and the five year capital improvement program are presented to the Council during every Council meeting from May until the budget is adopted. This approach allows the Council to discuss items and give direction prior to the proposed budget being submitted.

Capital Program

The Town Manager shall prepare and submit to the Council a five (5) year capital program no later than three months before the final date for submission of the budget. The capital program shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition (Charter Section 9.08).

Public Hearing/Budget Adoption

A public hearing on the proposed budget and two public hearings on the tax rate (if applicable) are held in August and September prior to final budget consideration. At the public hearings, citizens may make formal comments concerning the proposed budget. The public also has the opportunity to attend Town Council budget work sessions from May through budget adoption.

Budget adoption occurs in September after Town Council deliberations and the public hearing(s). The Town Council adopts a tax rate to support adopted funding levels. Pursuant to Town Charter, the budget in place for the preceding year shall remain in place on a month-to-month basis until such time as a new budget has been adopted if no Town Council action is taken before the end of the fiscal year, September 30.

Compilation of Adopted Budget/Budget Maintenance

The adopted budget is compiled and published during the first months of the new fiscal year. The adopted budget in the form of an amended proposed budget is available for public inspection in October. Ledger accounts are prepared for the new fiscal year prior to October 1.

Budget maintenance is a year-round activity of divisions/departments and Finance Department staff. Other spending control mechanisms include monthly review of expenditures by Finance Department staff. During the budget process, departments make revenue and expenditure estimates for the current year.

Finally, program goals, objectives, and measures are evaluated during budget implementation to determine the effectiveness of program activities and levels of appropriate funding for subsequent years.

Relevant Financial Policies

During Fiscal Year 2010, the Town established a Cash Management Program and Policy for the purpose of ensuring adequate internal controls to account for the handling of Town cash and to maintain public trust.

Staff also created the Town's Investment Policy. The purpose of the investment policy was to comply with Chapter 2256 of the Government Code ("Public Funds Investment Act"), which requires the Town of Trophy Club to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures, and practices that must be exercised to ensure effective and judicious fiscal management of Trophy Club's funds. The investment policy received the Government Treasurers' of Texas Certificate of Distinction for Investment Policy in June 2011.

The Town Council adopted a fund balance policy in September 2011 which established new fund balance categories (as recommended by Statement No. 54 by the Governmental Accounting Standards Board) and established a minimum unassigned fund balance goal (30% of annual operating expenditures).

In December 2013, Town Council adopted a debt management policy in order to provide parameters for the issuance and management of debt used to construct or acquire major capital assets.

In September 2016 the Town implemented revised purchasing and travel and training policies.

Major Initiatives

The Town Council has continued its strategic planning process to identify goals and objectives for long range planning. Each year, the Council meets in strategic planning retreats to review and refine those

goals. Management Team members utilize the strategic planning documents to help guide their budget planning and service/program implementation.

Awards and Acknowledgements

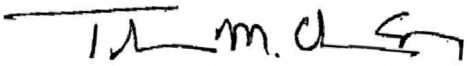
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Trophy Club for its CAFR for the fiscal year ended September 30, 2017. This was the eighth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. We would also like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Acknowledgment is also given to representatives of BrooksWatson & Co., PLLC, Certified Public Accountants.

Special acknowledgement is given to the Mayor and the members of the Town Council for their support for maintaining the highest standards of professionalism in the management of the Town of Trophy Club finances.

Respectively submitted,



Thomas M. Class, Sr.
Town Manager

Jonathan Phillips
Director of Administrative &
Financial Services

TOWN OF
TROPHY CLUB

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Trophy Club Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2017

Executive Director/CEO

ORGANIZATIONAL CHART

TROPHY CLUB RESIDENTS

MAYOR & TOWN COUNCIL

David Dodd
Town Attorney

Holly Fimbres
Town Secretary

Thomas M. Class, Sr.
Town Manager

Jonathan Phillips
Director of Administrative & Financial Services

- HUMAN RESOURCES
- COMM. & MARKETING
- FINANCE
- INFORMATION SERVICES

Tommy Uzee
Director of Community Development

- PLANNING
- PERMITTING
- CODE ENFORCEMENT
- BUILDING INSPECTIONS

Wade Carroll
Fire Chief

- FIRE
- EMERGENCY MEDICAL SERVICES
- EMERGENCY MANAGEMENT
- FIRE PREVENTION

Tony Jaramillo
Director of Parks & Recreation

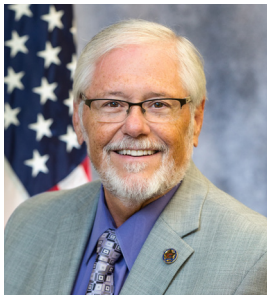
- PARKS
- RECREATION
- COMMUNITY EVENTS
- LANDSCAPE MAINTENANCE

Patrick Arata
Police Chief

- POLICE
- ANIMAL CONTROL
- SCHOOL RESOURCE OFFICERS
- SCHOOL CROSSING GUARDS

KEY OFFICIALS

TOWN COUNCIL



Nick Sanders
Mayor

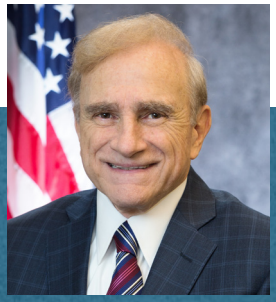
Philip Shoffner
Mayor Pro Tem, Place 6

Alicia Fleury
Place 1

Eric Jensen
Place 2

Rhylan Rowe
Place 3

Tim Kurtz
Place 4



Greg Lamont
Place 5

APPOINTED OFFICIALS

Thomas M. Class, Sr.
Town Manager

David Dodd
Town Attorney

Holly Fimbres
Town Secretary

Honorable
Eric Guido Ransleben
Municipal Judge

MANAGEMENT TEAM

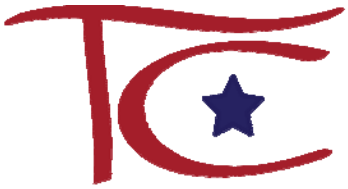
Jonathan Phillips
Director of Administrative& Financial Services

Tommy Uzee
Director of Community Development

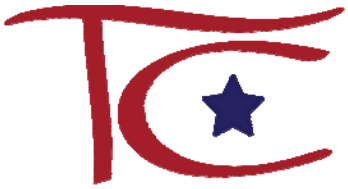
Wade Carroll
Fire Chief

Tony Jaramillo
Director of Parks & Recreation

Patrick Arata
Police Chief


TOWN OF
TROPHY CLUB

FINANCIAL SECTION


TOWN OF
TROPHY CLUB

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Town of Trophy Club, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas (the "Town"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2018 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5.I. to the financial statements, the Town has restated beginning fund balance/net position within governmental activities due to the implementation of GASB No. 75. In addition, the Town also restated beginning net position/fund balance within governmental activities to correct an accounting error. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, general fund budgetary comparison, and PID budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Trophy Club basic financial statements. The combining and budgetary comparison schedules for the other governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information noted above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 12, 2019

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

As management of the Town of Trophy Club, Texas (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

- The assets of the Town exceeded its liabilities (net position) at September 30, 2018 by $37,379,597.

- The Town's total net position increased by $1,036,384. The majority of the Town's net position is invested in capital assets or restricted for specific purposes.

- The Town's governmental funds reported combined ending fund balances of $17,081,721 at September 30, 2018, an increase of $1,434,069 from the prior fiscal year; this includes an increase of $940,259 in the general fund, an increase of $121,051 in the debt service fund, a decrease of $521,096 in the capital projects fund, an increase of $49,374 in the PID No. 1 fund, and an increase of $844,481 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $4,937,683 or 47% of total general fund expenditures.

- The Town's net pension liability amounted to $1,369,470 as of September 30, 2018.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The *statement of net position* presents information on all of the Town's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or

deteriorating. Other non-financial factors, such as the Town's property tax base and the condition of the Town's infrastructure, need to be considered in order to assess the overall health of the Town.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, police, emergency medical services, community development, parks and recreation, streets, court, council and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees. The business-type activities of the Town include Trophy Club Park and Storm Drainage Utility operations.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also the legally separate component units, 4B Economic Development Corporation and the Tax Increment Reinvestment Zone #1, which the Town is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-23 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By

doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Town maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the PID, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The Town adopts an annual appropriated budget for its general, debt service, capital projects, PID, special revenue, Trophy Club Park, and Storm Drainage Utility funds. In addition, an annual appropriated budget is adopted for the Town's discretely presented component units, 4B Economic Development Corporation and the Tax Increment Reinvestment Zone #1. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 24-31 of this report.

Proprietary Funds

The Town's proprietary funds are all enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its Trophy Club Park and Storm Drainage operations. All activities associated with providing such services are accounted for in these funds, including salaries and benefits, supplies and materials, repairs and maintenance, utilities, and other operating expenses. The Town's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Trophy Club Park, and Storm Drainage Utility, both of which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

Component Units

The Town maintains the accounting and financial statements for two discretely presented component units. The 4B Economic Development Corporation and the Tax Increment Reinvestment Zone #1 are both discretely presented component units displayed on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 37-78 of this report.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the Town of Trophy Club, Texas, assets exceeded liabilities by $37,379,597 as of September 30, 2018, in the primary government.

The largest portion of the Town's net position, $27,484,180 reflects its investments in capital assets (e.g., land, buildings, water system, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Trophy Club, Texas' net position of $5,556,601 represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the Town of Trophy Club, Texas is able to report positive balances in all reported categories of net position for the primary government, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2018			2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 17,830,465	$ 658,885	$ 18,489,350	$ 18,357,721	$ 368,804	$ 18,726,525
Capital assets, net	70,342,914	1,878,406	72,221,320	71,207,834	1,931,876	73,139,710
Total Assets	88,173,379	2,537,291	90,710,670	89,565,555	2,300,680	91,866,235
Deferred Outflows of Resources	3,718,236	-	3,718,236	4,575,519	-	4,575,519
Current liabilities	3,346,441	180,591	3,527,032	3,946,019	168,052	4,114,071
Long-term liabilities	51,884,965	846,358	52,731,323	54,812,113	1,005,779	55,817,892
Total Liabilities	55,231,406	1,026,949	56,258,355	58,758,132	1,173,831	59,931,963
Deferred Inflows of Resources	790,954	-	790,954	166,578	-	166,578
Net Position:						
Net investment in capital assets	26,607,132	877,048	27,484,180	27,125,337	776,097	27,901,434
Restricted	5,556,601	-	5,556,601	4,676,837	-	4,676,837
Unrestricted	3,705,522	633,294	4,338,816	3,414,190	350,752	3,764,942
Total Net Position	$ 35,869,255	$ 1,510,342	$ 37,379,597	$ 35,216,364	$ 1,126,849	$ 36,343,213

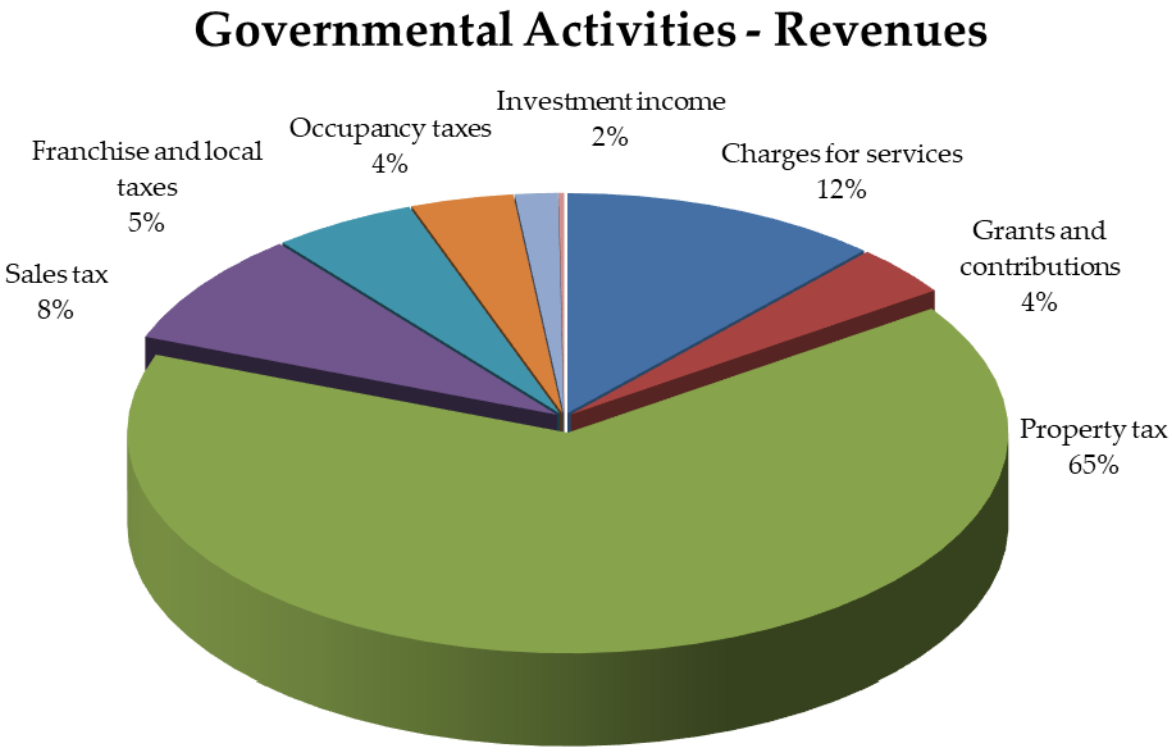
Current and other assets of business-type activities were $658,885 and $368,804 as of September 30, 2018 and September 30, 2017, respectively. The increase of $290,081 or 79% was primarily attributable to increased cash on hand, resulting from the increase in current year net position. Total long-term liabilities decreased by $3,086,569 or 6% due to principal payments made in the current year.

Statement of Activities:

The following table provides a summary of the Town's changes in net position:

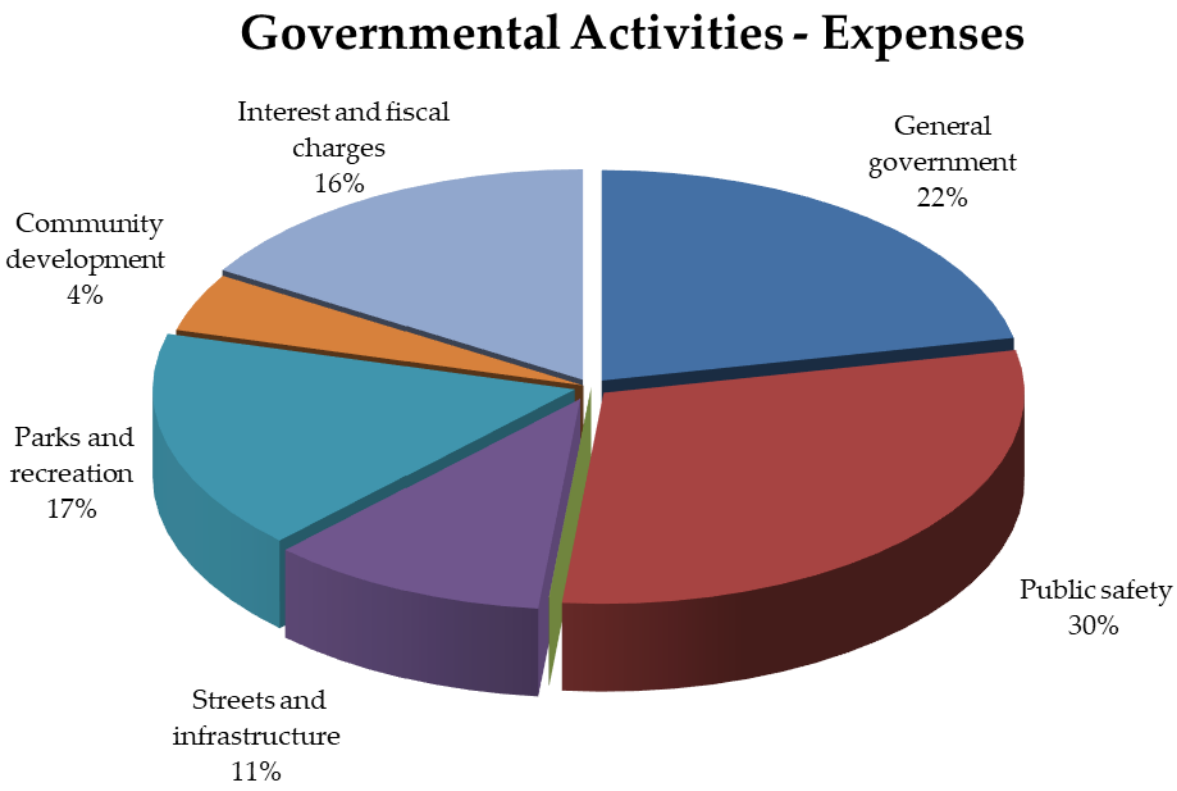
	For the Year Ended September 30, 2018			For the Year Ended September 30, 2017		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 1,927,099	$ 592,322	$ 2,519,421	$ 1,576,453	$ 596,520	$ 2,172,973
Operating grants	608,910	94,521	703,431	581,633	-	581,633
General revenues:						
Property tax	10,699,296	-	10,699,296	10,398,462	-	10,398,462
Sales and mixed beverage tax	1,374,175	-	1,374,175	1,306,243	-	1,306,243
Franchise and local taxes	867,446	-	867,446	888,863	-	888,863
Occupancy taxes	619,506	-	619,506	487,489	-	487,489
Investment income	259,220	7,258	266,478	146,015	2,087	148,102
Other revenues	32,409	-	32,409	908,540	-	908,540
Total Revenues	16,388,061	694,101	17,082,162	16,293,698	598,607	16,892,305
Expenses						
General government	3,398,500	-	3,398,500	2,533,298	-	2,533,298
Public safety	4,637,609	-	4,637,609	4,607,380	-	4,607,380
PID activities	2,850	-	2,850	48,520	-	48,520
Parks and recreation	2,644,329	-	2,644,329	2,761,053	-	2,761,053
Community development	695,637	-	695,637	738,659	-	738,659
Streets and infrastructure	1,671,692	-	1,671,692	1,728,809	-	1,728,809
Interest on long-term debt	2,771,762	-	2,771,762	2,365,059	-	2,365,059
Trophy Club Park	-	93,677	93,677	-	116,477	116,477
Storm drainage	-	129,722	129,722	-	120,295	120,295
Total Expenses	15,822,379	223,399	16,045,778	14,782,778	236,772	15,019,550
Change in Net Position Before Transfers	565,682	470,702	1,036,384	1,510,920	361,835	1,872,755
Transfers	87,209	(87,209)	-	86,887	(86,887)	-
Total	87,209	(87,209)	-	86,887	(86,887)	-
Change in Net Position	652,891	383,493	1,036,384	1,597,807	274,948	1,872,755
Beginning Net Position	35,216,364	1,126,849	36,343,213	33,618,557	851,901	34,470,458
Ending Net Position	$ 35,869,255	$ 1,510,342	$ 37,379,597	$ 35,216,364	$ 1,126,849	$ 36,343,213

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the Town's activities.



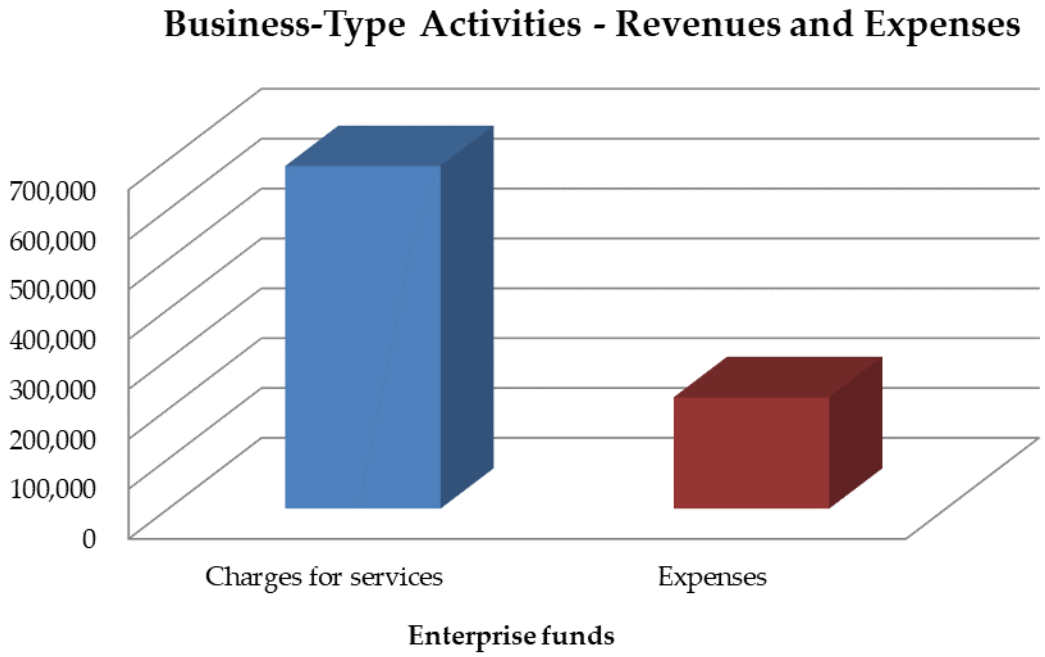
For the year ended September 30, 2018, revenues from governmental activities totaled $16,388,061. Property tax, charges for services, and sales tax are the Town's largest general revenue sources. Overall revenue slightly increased $94,363 or 1% from the prior year. Charges for services increased by $350,646 or 22% due primarily to a significant increase in building permits. Occupancy taxes increased by $132,017 or 21% due to a new hotel opening in the prior year. Investment income increased by $113,205 or 78% primarily due to increased interest-bearing accounts. Other revenues decreased by $876,131 or 96%, primarily as a result of nonrecurring fees received for park land dedication in the prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the Town:



For the year ended September 30, 2018, expenses for governmental activities totaled $15,822,379. This represents an increase of $1,039,601 or 7% from the prior year. The Town's largest expense category is public safety, which totaled $4,637,609 at yearend. Public safety expenditures remained relatively consistent with the prior year amount. General government expenses increased by $865,202 or 34% primarily due to an increase in employee retention, outside professional services, and depreciation expenses. Parks and recreation expenses decreased by $116,724 or 4% primarily due to a decrease in Parks non-capital projects. Interest and fiscal charges increased $406,703 or 17% primarily due to the first debt service payments on the 2017 Certificates of Obligation being made.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2018, charges for services by business-type activities totaled $592,322. This is a decrease of $4,198 or 1% from the previous year. In addition there was an increase of $94,521 in operating grants related to grants for flooding in the previous year.

Total business-type activity expenses slightly decreased by $13,373 or 6%. The majority of the decrease is attributed to park expenses for independent labor being reduced due to the flooding of Trophy Club Park.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the Town's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At September 30, 2018, the Town's governmental funds reported combined fund balances of $17,081,721, an increase of $1,434,069 in comparison with the prior year. Approximately 29% of this amount, $4,937,683, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted or committed* to indicate that it is 1) not in spendable form $44,474 or 2) committed for particular purposes $186,373.

As of the end of the year the general fund reflected a total fund balance of $5,551,378. General fund balance increased by $940,259 during the current year. This increase can be primarily attributed to greater than anticipated revenue and fewer than anticipated expenditures.

The debt service fund had an ending fund balance of $430,094 at September 30, 2018, an increase of $121,051 when compared to the previous year. The increase in the total fund balance was a result of transfers from other funds. During the year, the fund recorded total principal and interest payments of $2,206,060 and property tax revenue of $2,107,577.

The capital projects fund had an ending fund of $5,764,419. The capital projects fund decreased $521,096 when compared to the previous year. The decrease was a result of current year expenditures exceeding interest income.

The PID No. 1 fund reflected an ending fund balance of $3,882,225. The fund balance increased $49,374, which is a result of property tax and other revenues exceeding debt service expenditures.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Town's largest proprietary fund, the Storm Drainage Utility fund, totaled $1,382,350. Unrestricted net position at the close of the fiscal year for the Town's utility funds amounted to $633,294, an increase of $282,542 over the previous year. Total investment in capital assets, net of related debt was $877,048, and capital assets, net of depreciation totaled $1,878,406.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were various budget amendments approved during the year. Final budgeted revenue was $187,812 more than originally budgeted due to greater investment income and other revenues relating to higher than anticipated property tax revenues.

Total budgeted expenditures increased $589,807 compared to the original budget. Budget amendments were primarily due to additional parks and recreation expenditures, a new emergency service vehicle, as well as some salaries and benefit increases. Total budgeted revenues of $10,556,052 were less than actual revenues of $11,125,639, resulting in a positive revenue variance of $569,587. The positive variance was primarily the result of greater than expected revenues from licenses and permits, fines and forfeitures, and other revenues. Total budgeted expenditures of $10,992,314 were greater than actual expenditures of $10,477,295, resulting in a total positive expenditure variance of $515,019. The variance in total expenditures was primarily due to positive variances within the police and parks and recreation departments.

CAPITAL ASSETS

As of the end of the year, the Town's governmental activities funds had invested $70,342,914 in a variety of capital assets and water system infrastructure, net of accumulated depreciation. The Town's business-type activities funds had invested $1,878,406 in a variety of capital assets and infrastructure,

net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, machinery and equipment, storm drainage system, and infrastructure.

Major capital asset events during the current year include the following:

- Investments in Town Hall complex totaling $396,286.
- Investments in Indian Creek and Phoenix Drive totaling $440,043.
- Purchase of furniture, fixtures, and equipment for the Town Hall amounting to $149,678.
- Investments in Trophy Wood parking lot totaling $106,950.
- Continued investment in street reconstruction amounting to $93,288.
- Investment in new ambulance of $264,732.
- Purchase of various motor vehicles totaling $167,440.
- Investment in Indy West restrooms totaling $117,547.

More detailed information about the Town's capital assets is presented in note 4.C to the financial statements.

LONG-TERM DEBT

The Town's outstanding general obligation bonds, certificate of obligation bonds, and special assessment bonds net of all premiums and discounts decreased by $2,035,357 from the prior year. The total bonds payable at the close of the fiscal year was $52,799,355, net of all premiums and discounts. Of this amount, $47,340,577 (excluding unamortized premium/discount) comprises of bonded debt backed by the full faith and credit of the Town, and the remaining represents bonds secured solely by self-supporting activities.

More detailed information about the Town's long-term liabilities is presented in note 4.D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town is at residential as well as commercial and retail development build-out. The Town issued fewer residential construction permits than in fiscal year 2017 and budgeted for 10 residential building permits for fiscal year 2019. Residential development has decrease significantly beginning in fiscal year 2018 as the Town reached substantial build-out.

The Town is expecting commercial development to be at complete build-out over the next five years. HG Supply Co. is expected to open Spring 2019. PD-30 has started construction in fiscal year 2018 to include an Aloft Hotel, a large multi-family complex, a neighborhood of townhomes, and a large development of retail along SH114.

In fiscal year 2019, General Fund revenues are budgeted to increase 0.9% over fiscal year 2018 estimated revenues, while expenditures are budgeted to increase by 7.7% over fiscal year 2018 estimated expenditures.

The fiscal year 2019 budget decreased the ad valorem tax rate to $0.446442 per hundred dollars of assessed value, down from $0. 0.451442 in fiscal year 2018.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Trophy Club Finance Director, 1 Trophy Wood Drive, Trophy Club, Texas, 76262. This information can also be accessed on the Town of Trophy Club's website at www.trophyclub.org.

BASIC FINANCIAL STATEMENTS

Town of Trophy Club, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 11,546,994	$ 624,892	$ 12,171,886
Investments	5,514,442	-	5,514,442
Taxes receivable, net	440,199	-	440,199
Receivables, net	267,758	34,260	302,018
Due from other governments	15,583	-	15,583
Internal balances	842	(842)	-
Prepaid and other assets	44,647	575	45,222
Total Current Assets	17,830,465	658,885	18,489,350
Noncurrent assets:			
Capital assets:			
Non-depreciable	11,368,681	-	11,368,681
Net depreciable capital assets	58,382,062	1,878,406	60,260,468
Advances to component units	592,171	-	592,171
Unamortized bond insurance	-	-	-
Total Noncurrent Assets	70,342,914	1,878,406	72,221,320
Total Assets	88,173,379	2,537,291	90,710,670
Deferred Outflows of Resources			
Pension contributions	459,415	-	459,415
OPEB contributions	719	-	719
OPEB (gains) losses	14,347	-	14,347
Pension assumption changes	91,430	-	91,430
Deferred charge on refunding	3,152,325	-	3,152,325
Total Deferred Outflows of Resources	3,718,236	-	3,718,236

Component Units	
4B Economic Corporation	Tax Increment Reinvestment Zone #1
$ 662,092	$ -
-	-
-	-
81,549	-
-	-
-	-
-	-
743,641	-
2,538,765	-
-	-
-	-
9,606	-
2,548,371	-
3,292,012	-
-	-
-	-
-	-
-	-
-	-
-	-

Town of Trophy Club, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	746,650	23,407	770,057
Accrued liabilities	334,982	-	334,982
Accrued interest payable	285,083	2,184	287,267
Long-term debt due within one year	1,979,726	155,000	2,134,726
Total Current Liabilities	3,346,441	180,591	3,527,032
Noncurrent liabilities:			
Long-term debt due in more than one year	50,276,078	846,358	51,122,436
OPEB liability	239,417	-	239,417
Net pension liability	1,369,470	-	1,369,470
Advances from primary government	-	-	-
Total Noncurrent Liabilities	51,884,965	846,358	52,731,323
Total Liabilities	55,231,406	1,026,949	56,258,355
Deferred Inflows of Resources			
Pension investment earnings	457,532	-	457,532
Pension (gains) losses	333,422	-	333,422
Total Deferred Inflows of Resources	790,954	-	790,954
Net Position			
Net investment in capital assets	26,607,132	877,048	27,484,180
Restricted for:			
Municipal court	37,155	-	37,155
Debt service	262,277	-	262,277
Public safety	87,496	-	87,496
PID Activities	3,882,225	-	3,882,225
Street maintenance	29,337	-	29,337
Tourism	790,686	-	790,686
Parks	467,425	-	467,425
Unrestricted	3,705,522	633,294	4,338,816
Total Net Position	$ 35,869,255	$ 1,510,342	$ 37,379,597

See Notes to Financial Statements.

Component Units	
4B Economic Corporation	Tax Increment Reinvestment Zone #1
106,950	181
-	-
8,402	-
105,000	-
220,352	181
2,257,458	-
-	-
-	-
-	592,171
2,257,458	592,171
2,477,810	592,352
-	-
-	-
-	-
176,307	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
637,895	(592,352)
$ 814,202	$ (592,352)

Town of Trophy Club, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	$ 701,274	$ 614,931	$ -
PID Activities	2,850	-	-
Emergency medical services	1,083,100	817,345	-
Manager's office	505,397	-	-
Human resources	412,076		-
Finance	523,535	-	-
Information services	624,331	-	-
Legal	375,298	-	-
Court	92,614	494,823	-
Police	2,370,184	-	-
Fire	1,091,711	-	608,910
Facilities management	256,589	-	-
Parks	2,644,329	-	-
Community development	448,860	-	-
Tourism	246,777	-	-
Streets and infrastructure	1,671,692	-	-
Interest on long-term debt	2,771,762	-	-
Total Governmental Activities	15,822,379	1,927,099	608,910
Business-Type Activities			
Trophy Club Park	93,677	167,304	94,521
Storm drainage utility	129,722	425,018	-
Total Business-Type Activities	223,399	592,322	94,521
Total Primary Government	$ 16,045,778	$ 2,519,421	$ 703,431
Component Units			
4B Economic Development Corporation	356,373	-	-
Tax Increment Reinvestment Zone #1	343,785	-	-
Total Component Units	$ 700,158	$ -	$ -
		General Revenues:	
		Taxes	
		Property taxes	
		Sales and mixed beverage taxes	
		Franchise and local taxes	
		Occupancy tax	
		Other revenues	
		Investment income	
		Transfers	
		Total General Revenues and Transfers	
		Change in Net Position	
		Beginning Net Position	
		Ending Net Position	

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position					
Primary Government				Component Units	
Governmental Activities	Business-Type Activities	Total		4B Economic Corporation	Tax Increment Reinvestment Zone #1
$ (86,343)	$ -	$ (86,343)		$ -	$ -
(2,850)	-	(2,850)		-	-
(265,755)	-	(265,755)		-	-
(505,397)	-	(505,397)		-	-
(412,076)	-	(412,076)		-	-
(523,535)	-	(523,535)		-	-
(624,331)	-	(624,331)		-	-
(375,298)	-	(375,298)		-	-
402,209	-	402,209		-	-
(2,370,184)	-	(2,370,184)		-	-
(482,801)	-	(482,801)		-	-
(256,589)	-	(256,589)		-	-
(2,644,329)	-	(2,644,329)		-	-
(448,860)	-	(448,860)		-	-
(246,777)	-	(246,777)		-	-
(1,671,692)	-	(1,671,692)		-	-
(2,771,762)	-	(2,771,762)		-	-
(13,286,370)	-	(13,286,370)		-	-
-	168,148	168,148		-	-
-	295,296	295,296		-	-
-	463,444	463,444		-	-
(13,286,370)	463,444	(12,822,926)		-	-
				(356,373)	-
				-	(343,785)
				(356,373)	(343,785)
10,699,296	-	10,699,296		-	80,316
1,374,175	-	1,374,175		449,003	5,231
867,446	-	867,446		-	-
619,506	-	619,506		-	-
32,409	-	32,409		-	-
259,220	7,258	266,478		8,298	-
87,209	(87,209)	-		-	-
13,939,261	(79,951)	13,859,310		457,301	85,547
652,891	383,493	1,036,384		100,928	(258,238)
35,216,364	1,126,849	36,343,213		713,274	(334,114)
$ 35,869,255	$ 1,510,342	$ 37,379,597		$ 814,202	$ (592,352)

Town of Trophy Club, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2018

	General	Debt Service	Capital Projects	PID No. 1
Assets				
Cash and cash equivalents	$ 2,937,045	$ 32,063	$ 3,294,579	$ 3,882,225
Investments	2,486,348	-	3,028,094	-
Taxes receivable, net	286,074	14,378	-	-
Accounts receivable, net	267,758	-	-	-
Due from other governments	15,583	-	-	-
Due from other funds	293,354	231,629	-	-
Prepaid and other assets	44,474	-	173	-
Advances to component unit	386,503	167,817	-	-
Total Assets	$ 6,717,139	$ 445,887	$ 6,322,846	$ 3,882,225
Liabilities				
Accounts payable	$ 585,288	$ 2,001	$ 78,733	$ -
Accrued liabilities	334,982	-	-	-
Due to other funds	-	-	479,694	-
Total Liabilities	920,270	2,001	558,427	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	47,337	13,792	-	-
Unavailable revenue - fines and forfeitures	17,027	-	-	-
Unavailable revenue - emergency medical services	116,904	-	-	-
Unavailable revenue - parks	38,906	-	-	-
Unavailable revenue - property liens	25,317	-	-	-
Total Deferred Inflows of Resources	245,491	13,792	-	-
Fund Balances				
Nonspendable:				
Prepaid items	44,474	-	-	-
Advances to component unit	386,503	167,817	-	-
Restricted for:				
Debt service	-	262,277	-	-
Municipal court	-	-	-	-
Public safety	-	-	-	-
Street maintenance	-	-	-	-
Tourism	-	-	-	-
Parks	-	-	-	-
Capital projects	-	-	5,764,419	-
PID Activities	-	-	-	3,882,225
Committed for:				
Police	182,718	-	-	-
Recreation programs	-	-	-	-
Unassigned	4,937,683	-	-	-
Total Fund Balances	5,551,378	430,094	5,764,419	3,882,225
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,717,139	$ 445,887	$ 6,322,846	$ 3,882,225

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,401,082	$ 11,546,994
-	5,514,442
139,747	440,199
-	267,758
-	15,583
-	524,983
-	44,647
37,851	592,171
$ 1,578,680	$ 18,946,777
$ 80,628	$ 746,650
-	334,982
44,447	524,141
125,075	1,605,773
-	61,129
-	17,027
-	116,904
-	38,906
-	25,317
-	259,283
-	44,474
37,851	592,171
-	262,277
37,155	37,155
87,496	87,496
29,337	29,337
790,686	790,686
467,425	467,425
-	5,764,419
-	3,882,225
-	182,718
3,655	3,655
-	4,937,683
1,453,605	17,081,721
$ 1,578,680	$ 18,946,777

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2018

Fund Balances - Total Governmental Funds	$	17,081,721
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		11,368,681
Capital assets - net depreciable		58,382,062
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		259,283
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time		
Pension (gains) losses		(333,422)
Pension investment earnings		(457,532)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then		
Pension contributions		459,415
OPEB contributions		719
Pension assumption changes		91,430
OPEB (gains) losses		14,347
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(285,083)
Deferred charges on bond refunding		3,152,325
Bond premium		(4,457,420)
Net pension liability		(1,369,470)
OPEB liability		(239,417)
Non-current liabilities due in one year		(1,979,726)
Non-current liabilities due in more than one year		(45,818,658)
Net Position of Governmental Activities	$	35,869,255

Town of Trophy Club, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	General	Debt Service	Capital Projects	PID No. 1
Revenues				
Property tax	$ 6,493,422	$ 2,107,577	$ -	$ 2,166,167
Sales and mixed beverage taxes	925,572	-	-	-
Franchise and local taxes	867,446	-	-	-
Occupancy tax	-	-	-	-
License and permits	614,931	-	-	-
Intergovernmental	608,910	-	-	-
Charges for services	803,477	-	-	-
Fines and forfeitures	488,313	-	-	-
Investment income	109,662	19,894	113,796	-
Other revenue	213,906	-	-	60,730
Total Revenues	11,125,639	2,127,471	113,796	2,226,897
Expenditures				
Current:				
General government	-	-	670,709	-
PID activities	-	-	-	2,850
Emergency medical services	1,330,351	-	-	-
Manager's office	507,918	-	-	-
Human resources	405,362	-	-	-
Finance	533,987	-	-	-
Information services	663,011	-	-	-
Legal	110,989	-	-	-
Court	89,899	-	-	-
Police	2,298,219	-	-	-
Fire	1,097,509	-	-	-
Facilities management	256,589	-	-	-
Parks	2,194,971	-		-
Community development	556,128	-	-	-
Tourism	-	-	-	-
Streets	340,910	-	-	-
Debt Service:				
Principal	91,452	1,463,000	-	120,898
Interest and fiscal charges	-	737,825	-	2,053,775
Administrative charges	-	5,235	-	-
Total Expenditures	10,477,295	2,206,060	670,709	2,177,523
Excess (Deficiency) of Revenues Over (Under) Expenditures	648,344	(78,589)	(556,913)	49,374
Other Financing Sources (Uses)				
Lease proceeds	264,732	-	-	-
Transfers in	63,000	199,640	35,817	-
Transfers (out)	(35,817)	-	-	-
Total Other Financing Sources (Uses)	291,915	199,640	35,817	-
Net Change in Fund Balances	940,259	121,051	(521,096)	49,374
Beginning fund balances	4,611,119	309,043	6,285,515	3,832,851
Ending Fund Balances	$ 5,551,378	$ 430,094	$ 5,764,419	$ 3,882,225

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 10,767,166
448,603	1,374,175
-	867,446
619,506	619,506
-	614,931
-	608,910
5,113	808,590
8,765	497,078
15,868	259,220
510,503	785,139
1,608,358	17,202,161
-	670,709
-	2,850
-	1,330,351
-	507,918
-	405,362
-	533,987
-	663,011
264,309	375,298
6,429	96,328
60,441	2,358,660
-	1,097,509
-	256,589
8,765	2,203,736
-	556,128
248,502	248,502
-	340,910
-	1,675,350
-	2,791,600
-	5,235
588,446	16,120,033
1,019,912	1,082,128
-	264,732
-	298,457
(175,431)	(211,248)
(175,431)	351,941
844,481	1,434,069
609,124	15,647,652
$ 1,453,605	$ 17,081,721

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	1,434,069
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		1,818,286
Depreciation expense		(3,272,647)
Net effect of disposal of capital assets		(2,730)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(811,370)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(27,417)
Accrued interest		(65,956)
Pension expense		104,475
OPEB expense		(25,466)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of lease		(264,732)
Amortization of deferred loss on refunding		(206,009)
Amortization of premium		297,038
Principal payments		1,675,350
Change in Net Position of Governmental Activities	$	652,891

See Notes to Financial Statements.

Town of Trophy Club, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2018

	Trophy Club Park	Storm Drainage Utility	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 128,692	$ 496,200	$ 624,892
Receivables	-	34,260	34,260
Prepaid items	575	-	575
Total Current Assets	129,267	530,460	659,727
Noncurrent Assets			
Capital assets:			
Net depreciable capital assets	15,118	1,863,288	1,878,406
Total Noncurrent Assets	15,118	1,863,288	1,878,406
Total Assets	144,385	2,393,748	2,538,133
Liabilities			
Current Liabilities			
Accounts payable	$ 15,551	$ 7,856	$ 23,407
Long-term debt due within one year	-	155,000	155,000
Accrued interest	-	2,184	2,184
Due to other funds	842	-	842
Total Current Liabilities	16,393	165,040	181,433
Noncurrent Liabilities			
Long-term debt due in more than one year	-	846,358	846,358
Total Liabilities	16,393	1,011,398	1,027,791
Net Position			
Net investment in capital assets	15,118	861,930	877,048
Unrestricted	112,874	520,420	633,294
Total Net Position	$ 127,992	$ 1,382,350	$ 1,510,342

See Notes to Financial Statements.

Town of Trophy Club, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2018

	Trophy Club Park	Storm Drainage Utility	Total
Operating Revenues			
Charges for services	$ 167,304	$ 425,018	$ 592,322
Intergovernmental revenues	94,521	-	94,521
Total Operating Revenues	261,825	425,018	686,843
Operating Expenses			
Salaries and benefits	22,461	-	22,461
Supplies and materials	17,891	-	17,891
Repairs and maintenance	9,322	-	9,322
Utilities	8,180	6,705	14,885
Other operating expenses	33,436	48,578	82,014
Depreciation	2,387	51,083	53,470
Total Operating Expenses	93,677	106,366	200,043
Operating Income (Loss)	168,148	318,652	486,800
Nonoperating Revenues (Expenses)			
Investment income	13	7,245	7,258
Interest and fiscal expense	-	(23,356)	(23,356)
Total Nonoperating Revenues (Expenses)	13	(16,111)	(16,098)
Income Before Capital Contributions and Transfers	168,161	302,541	470,702
Capital Contributions and Transfers			
Transfers (out)	(20,000)	(67,209)	(87,209)
Total Capital Contributions and Transfers	(20,000)	(67,209)	(87,209)
Change in Net Position	148,161	235,332	383,493
Beginning net position	(20,169)	1,147,018	1,126,849
Ending Net Position	$ 127,992	$ 1,382,350	$ 1,510,342

See Notes to Financial Statements.

Town of Trophy Club, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2018

	Trophy Club Park	Storm Drainage Utility	Total
Cash Flows from Operating Activities			
Payments to employees	$ (22,461)	$ -	$ (22,461)
Payments to suppliers	(90,785)	(92,987)	(183,772)
Receipts from customers	261,825	423,307	685,132
Net Cash Provided (Used) by Operating Activities	148,579	330,320	478,899
Cash Flows from Noncapital Financing Activities			
Transfers (out)	(20,000)	(67,209)	(87,209)
Net Cash Provided (Used) by Noncapital Financing Activities	(20,000)	(67,209)	(87,209)
Cash Flows from Capital and Related Financing Activities			
Interest paid on capital debt	-	(28,090)	(28,090)
Principal paid on capital debt	-	(150,000)	(150,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(178,090)	(178,090)
Cash Flows from Investing Activities			
Interest on investments	13	7,245	7,258
Net Cash Provided by Investing Activities	13	7,245	7,258
Net Increase (Decrease) in Cash and Cash	128,592	92,266	220,858
Beginning cash and cash equivalents	100	403,934	404,034
Ending Cash and Cash Equivalents	$ 128,692	$ 496,200	$ 624,892

See Notes to Financial Statements.

Town of Trophy Club, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2018

	Trophy Club Park	Storm Drainage Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	$ 168,148	$ 318,652	$ 486,800
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	2,387	51,083	53,470
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	-	(1,711)	(1,711)
Prepaid	161	-	161
Increase (Decrease) in:			
Accounts payable	8,669	(817)	7,852
Due to other other funds	(30,786)	(36,887)	(67,673)
Net Cash Provided (Used) by Operating Activities	$ 148,579	$ 330,320	$ 478,899

See Notes to Financial Statements.

TOWN OF
TROPHY CLUB

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Trophy Club (the "Town") is a "home rule town" incorporated in 1985. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: council, public safety (police and emergency medical services), parks, public works (public improvements, streets, planning and zoning), and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally Accepted Accounting Principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Town are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Financial Reporting Entity

The Town of Trophy Club is a municipal corporation governed by an elected mayor and a six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Discretely Presented Component Units

4B Economic Development Corporation

The 4B Economic Development Corporation ("4B") serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the 4B and affect the day-to-day operations of the 4B by removing appointed board members at will. The scope of public service of the 4B benefits the Town and its citizens and is operated within the geographic boundaries of the Town.

Tax Increment Reinvestment Zone #1

The Tax Increment Reinvestment Zone #1 ("TIRZ #1") serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the TIRZ #1 and affect the day-to-day operations of the TIRZ #1 by removing appointed board members at will. The scope of public service of the TIRZ #1 benefits the Town and its citizens and is operated within the geographic boundaries of the Town.

Separate financial statements for the individual component units are not prepared.

Blended Component Unit

Crime Control and Prevention District

The Crime Control and Prevention District ("CCPD") was formed under Chapter 363 of the Texas Local Government Code, the Crime Control and Prevention Act. The CCPD is organized exclusively to act on behalf of the Town to finance crime control within the Town. The CCPD is governed by a seven member board appointed by the Town Council. The annual budget and issuance of debt must be approved by the Town Council. Since the CCPD provides services entirely to the Town, it has been reported as a blended component unit.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units which are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The government reports the following major governmental funds:

General Fund

The General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Projects Fund

The Capital Projects Fund is used to account for funds received and expended for acquisition and construction of infrastructure and other capital assets.

Public Improvement District (PID) No. 1

This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town for the Public Improvement District.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the Town

accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the Town include enterprise funds.

The government reports the following major proprietary funds:

Trophy Club Park Fund

The Trophy Club park fund is utilized to account for funds received and expended for the maintenance of park land.

Storm Drainage Utility Fund

The storm drainage fund accounts for the storm drainage utility fee designated for the maintenance of the Town's storm drainage system.

Additionally, the Town reports for the following Non-major governmental funds:

Hotel Occupancy Tax Fund

This fund is used to account for local hotel and motel occupancy tax receipts, as well as expenses (events).

Street Maintenance Sales Tax Fund

Accounts for sales taxes specifically restricted for street improvements.

Court Technology Fund

Accounts for court fees specifically restricted for court technology expenses.

Court Security Fund

Accounts for court fees specifically restricted for court security expenses.

Crime Control and Prevention District Fund

Accounts for sales taxes specifically restricted for crime control and prevention.

Recreation Programs Fund

Accounts for revenues and expenditures associated with recreational programs.

Grant Fund

This fund is used to account for grant monies received by and expended by the Town.

Park Land Dedication Fund

This fund is used to account for park revenues received by and expended by the Town.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or

within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The Town's cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the Town, at its option, can withdraw funds within a twenty-four hour period from TexPool and Texas Class, these investments are considered to be cash equivalents.

State statutes authorize the Town to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the Town, and placed through a primary government securities dealer. The Town's investments are governed by the same state statutes.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2. Fair Value

The Town has applied Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining

a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventory is carried at historical cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Restricted Assets

Certain proceeds of governmental and enterprise fund cash and investments are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, legal restrictions, or restrictions in place by outside parties.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items,

and capital assets received in a service concession are recorded at acquisition value on the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Vehicles	5-10 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results form the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between

investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Accumulated Vacation, Compensated Time and Sick Leave

It is the Town's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.
Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

The net pension liability is included within long term debt. This liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarial calculations for estimated future payments of benefits and refunds over the twelve months following yearend.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are

reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Postemployment Benefits ("OPEB")

The Town has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDB covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDB is considered to be an unfunded OPEB plan. For purposes of reporting under GASB No. 75, the retiree portion of the SDB is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

In addition to the contributions made to TMRS, the Town provides post-employment medical, dental, and vision benefits for eligible retirees, their spouses and dependents through a single-employer plan with United Healthcare, which covers both active and retired members. Regular full-time employees retiring from the Town have the option to continue medical insurance coverage until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan.

12. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

13. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

14. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (Council) has by resolution authorized the Director of Administrative and Financial Services to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The general fund is the only fund that reports a positive unassigned fund balance amount.

The Town Council adopted a fund balance policy in September 2011 which established new fund balance categories (as recommended by Statement No. 54 by the Governmental Accounting Standards Board) and established a minimum unassigned fund balance goal (30% of annual operating expenditures).

15. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund, golf course fund, and storm water utility funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the general, court technology, court security, street maintenance, hotel/motel tax, crime control and prevention, recreation programs, debt service fund capital projects, and enterprise funds. The original budget is adopted by the Town Council prior to the beginning of the year. The legal level of control as defined by the Town Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without Town

Council approval. Appropriations lapse at the end of the year. During the fiscal year ended September 30, 2018, final general fund budgeted revenue was projected to be $187,812 more than the original budget. Final budgeted expenditures increased $589,807 compared to the original budget.

As of September 30, 2018, expenditures exceeded appropriations at the legal level of control for the Street Maintenance fund and the Recreation Programs fund in the amounts of $27,750 and $265, respectively.

A. Restricted Net Position

The Town records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was $5,556,601. Of which, $37,155 and $790,686, a total of $827,841, is restricted by enabling legislation.

B. Deficit Equity

At September 30, 2018, the Component Unit, Tax Increment Reinvestment Zone #1 had a deficit fund balance of $592,352. The deficit balance will be eliminated in the future as assessed values continue to increase as a result of growth and development within the TIRZ.

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The Town's cash deposits at September 30, 2018 and during the year ended September 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

Legal and contractual provisions governing deposits and investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Town to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, and (8) investment staff quality and capabilities.

The Act also requires the Town to have independent auditors perform test procedures related to investment practices as provided by the Act. The Town is in substantial compliance with the requirements of the Act and with local policies.

As of September 30, 2018, the Town had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 5,514,442	0.51
External investment pools	4,312,361	0.06
Total fair value	$ 9,826,803	
Portfolio weighted average maturity		0.31

As of September 30, 2018, the 4B Economic Corporation had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
External investment pools	$ 508,296	0.08
Total fair value	$ 508,296	
Portfolio weighted average maturity		0.08

Interest rate risk: In compliance with the Town's Investment Policy, as of September 30, 2018, the Town minimized the interest rate risk, related to current events market turmoil in the portfolio by: limiting the effective duration of security types not to exceed two years with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds

Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

Credit risk: The Town's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2018, all of the Town's purchased investments in U.S. Agencies Obligations were rated AA+, AAA and Aaa by Standard & Poors, Fitch and Moody's, respectively.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2018, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy requires that it will seek to safeguard securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the Town's safeguard account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2018, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

LOGIC

Local Government Investment Cooperative ("LOGIC") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible local governments, state agencies, and nonprofit corporations of the State of Texas to jointly invest their funds in permitted investments.

LOGIC's governing body is a five-member Board of Directors comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with the cooperative and are qualified to advise it. A maximum of two advisory board members represent the co-administrators of the cooperative. At September 30, 2018, the fair value of the position in LOGIC approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Lone Star Investment Pool

The Lone Star Investment Pool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The objective of the Pool is to maintain the safety of principal, while providing participating government entities with the highest possible rate of return for invested funds. Participants in the Pool own pro rata interests in the underlying assets of the fund in which they participate. A Participant's sole source of payment from its investment in the Pool is the market value of such assets; although the Pool seeks to preserve the value of a Participant's investment, it is possible to lose money by investing in the Pool. At September 30, 2018, the fair value of the position in Lone Star Investment Pool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Texas CLASS

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management. At September 30, 2018, the fair value of the position in Texas CLASS approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Governmental	Storm Drainage Utility	Total
Property taxes	$ 49,152	$ 14,378	$ -	$ -	$ 63,530
Sales tax	171,762	-	80,134	-	251,896
Franchise taxes	65,160	-	-	-	65,160
Hotel occupancy	-	-	59,613	-	59,613
Municipal court	73,420	-	-	-	73,420
EMS	154,282	-	-	-	154,282
Storm drainage	-	-	-	34,260	34,260
Park services	38,906	-	-	-	38,906
Other	95,020	-	-	-	95,020
Allowance	(93,870)	-	-	-	(93,870)
Total	$ 553,832	$ 14,378	$ 139,747	$ 34,260	$ 742,217

The following comprise receivable balances of the component units at year end:

	4B Economic Corporation	Total
Sales taxes	$ 81,549	$ 81,549
Total	$ 81,549	$ 81,549

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 10,463,669	$ -	$ -	$ 10,463,669
Construction in progress	9,323,097	1,301,298	(9,719,383)	905,012
Total capital assets not being depreciated	19,786,766	1,301,298	(9,719,383)	11,368,681
Capital assets, being depreciated:				
Buildings	2,040,369	117,547	9,719,383	11,877,299
Improvements other than buildings	57,695,009	82,323	-	57,777,332
Machinery and equipment	2,607,196	149,678	-	2,756,874
Vehicles	1,201,106	167,440	(88,980)	1,279,566
Water system	5,362,005	-	-	5,362,005
Infrastructure	14,332,062	-	-	14,332,062
Total capital assets being depreciated	83,237,747	516,988	9,630,403	93,385,138
Less accumulated depreciation				
Buildings	836,660	411,596	-	1,248,256
Improvements other than buildings	22,419,476	1,980,766	-	24,400,242
Machinery and equipment	1,331,710	229,524	-	1,561,234
Vehicles	938,022	105,987	(86,250)	957,759
Water system	1,103,960	175,123	-	1,279,083
Infrastructure	5,186,851	369,651	-	5,556,502
Total accumulated depreciation	31,816,679	3,272,647	(86,250)	35,003,076
Net capital assets being depreciated	51,421,068	(2,755,659)	9,716,653	58,382,062
Total capital assets	$ 71,207,834	$ (1,454,361)	$ (2,730)	$ 69,750,743

Depreciation expense was charged to governmental functions as follows:

General government	$ 433,339
Emergency medical services	25,809
Information systems	38,731
Police	125,609
Fire	5,495
Parks and recreation	730,302
Community development	2,773
Streets (Infrastructure)	1,910,589
Total Governmental Activities Depreciation Expense	$ 3,272,647

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, being depreciated:				
Machinery and equipment	$ 24,112	$ -	$ -	$ 24,112
Infrastructure	2,039,766	-	-	2,039,766
Total capital assets being depreciated	2,063,878	-	-	2,063,878
Less accumulated depreciation				
Machinery and equipment	6,606	2,387	-	8,993
Infrastructure	125,396	51,083	-	176,479
Total accumulated depreciation	132,002	53,470	-	185,472
Net capital assets being depreciated	1,931,876	(53,470)	-	1,878,406
Total capital assets	$ 1,931,876	$ (53,470)	$ -	$ 1,878,406

Depreciation expense was charged to business-type activities as follows:

Trophy Club Park	$ 2,387
Storm Drainage Utility	51,083
Total Business-Type Activities Depreciation Expense	$ 53,470

Also, the discreetly presented component unit, 4B Economic Corporation, held land totaling $2,538,765 as of September 30, 2018.

D. Long-term Debt

The Town periodically issues general obligation bonds and contractual obligations to provide funds for general government purposes. The Town also periodically utilizes notes and capital leases to provide financing for general government purposes. In general, the Town uses the debt service fund and general fund to liquidate governmental long-term liabilities and pension liabilities/OPEB, respectively. The following is a summary of changes in the Town's total long-term liabilities for the year ended September 30, 2018.

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	$ 11,450,000	$ -	$ (810,000)	$ 10,640,000	$ 835,000
Certificates of Obligation	12,068,000	-	(653,000)	11,415,000	778,000
Special Assessment Bonds	25,406,475	-	(120,898)	25,285,577	25,577
Less deferred amounts:					
For premiums	4,754,458	-	(297,038)	4,457,420	-
Total Bonds Payable	53,678,933	-	(1,880,936)	51,797,997	1,638,577
Capital lease	-	264,732	(91,452)	173,280	85,075
Compensated absences	257,110	272,507	(245,090)	284,527	256,074
Total Governmental Activities	$ 53,936,043	$ 537,239	$ (2,217,478)	$ 52,255,804	$ 1,979,726
		Long-term liabilities due in more than one year		$ 50,276,078	
Business-Type Activities:					
Certificates of Obligation	$ 1,130,000	$ -	$ (150,000)	$ 980,000	$ 155,000
Less deferred amounts:					
For premiums	25,779	-	(4,421)	21,358	-
Total Business-Type Activities	1,155,779	-	(154,421)	1,001,358	155,000
		Long-term liabilities due in more than one year		$ 846,358	
Component Unit Activities:					
Certificates of Obligation	$ 2,485,000	$ -	$ (100,000)	$ 2,385,000	$ 105,000
Less deferred amounts:					
For discounts	(23,874)	-	1,332	(22,542)	-
Total Component Unit Activities	$ 2,461,126	$ -	$ (98,668)	$ 2,362,458	$ 105,000
		Long-term liabilities due in more than one year		$ 2,257,458	

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized

as an expenditure when due. The Town intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. Long-term debt at year end was comprised of the following debt issues:

Governmental Activities:

Description	Interest Rate	Year of Issue	Final Maturity	Average Annual Payment	Original Amount	Balance 9/30/2018
General Obligation Bonds:						
Improvements	3.00 - 4.13 %	2010	2030	$ 250,000	$ 5,000,000	$ 3,540,000
Refunding	2.00 - 4.00 %	2010	2022	232,500	2,790,000	795,000
Refunding	2.18 %	2015	2025	203,000	2,030,000	1,600,000
Improvements	2.00-3.00 %	2016	2036	262,250	5,245,000	4,705,000
						$ 10,640,000
Certificate of Obligations:						
Combination Tax and Revenue-Series 2004	3.50 - 4.75 %	2004	2024	$ 32,500	$ 650,000	$ 200,000
Certificates of Obligation Series 2013	2.50 - 3.25 %	2013	2028	86,667	1,300,000	1,005,000
Certificates of Obligation Series 2014	2.00 - 3.75 %	2014	2034	125,000	2,500,000	2,115,000
Certificates of Obligation Series 2016	2.00-4.00 %	2016	2036	210,500	4,210,000	3,925,000
Certificates of Obligation Series 2017	2.50-3.00 %	2017	2037	222,250	4,445,000	4,170,000
						$ 11,415,000
Special Assessments:						
Special Assessment Revenue Refunding-Series 2015	2.00-4.00 %	2015	2033	$ 1,453,054	$ 26,154,979	25,285,577
						$ 25,285,577
Capital Leases:						
Capital Lease - Series 2018	3.68 %	2018	2020	$ 88,244	$ 264,732	173,280
						$ 173,280

Business-type Activities:

Description	Interest Rate	Year of Issue	Final Maturity	Average Annual Payment	Original Amount	Balance 9/30/2018
Certificates of Obligation Series 2013	2.50 - 3.00 %	2013	2024	$ 154,545	$ 1,700,000	$ 980,000
						$ 980,000

Component-Unit Activities:

Description	Interest Rate	Year of Issue	Final Maturity	Average Annual Payment	Original Amount	Balance 9/30/2018
Certificates of Obligation Series 2015	1.00 - 4.75 %	2015	2035	$ 134,500	$ 2,690,000	$ 2,385,000
						$ 2,385,000

The annual requirements to amortize long-term debt outstanding of governmental activities as of September 30, 2018, are as follows:

Governmental Activities

General Obligation Bonds

Year Ending September 30,	Governmental Activities Principal	Interest	Total Requirements
2019	$ 835,000	$ 326,311	$ 1,161,311
2020	870,000	302,983	1,172,983
2021	890,000	276,287	1,166,287
2022	925,000	246,891	1,171,891
2023	740,000	216,327	956,327
2024-2028	3,310,000	743,920	4,053,920
2029-2033	2,135,000	279,744	2,414,744
2034-2037	935,000	51,838	986,838
Total	$ 10,640,000	$ 2,444,301	$ 13,084,301

Certificates of Obligation Bonds

Year Ending September 30,	Governmental Activities Principal	Interest	Total Requirements
2019	$ 778,000	$ 338,776	$ 1,116,776
2020	848,000	314,683	1,162,683
2021	563,000	288,397	851,397
2022	588,000	269,358	857,358
2023	608,000	251,275	859,275
2024-2028	3,190,000	975,340	4,165,340
2029-2033	2,960,000	552,763	3,512,763
2034-2037	1,880,000	123,600	2,003,600
Total	$ 11,415,000	$ 3,114,192	$ 14,529,192

Special Assessment Bonds

Year Ending September 30,	Governmental Activities Principal	Interest	Total Requirements
2019	$ 25,577	$ 2,134,996	$ 2,160,573
2020	1,275,000	977,380	2,252,380
2021	1,340,000	914,705	2,254,705
2022	1,400,000	914,705	2,314,705
2023	1,469,000	914,705	2,383,705
2024-2028	8,619,000	4,573,525	13,192,525
2029-2033	11,157,000	4,510,100	15,667,100
Total	$ 25,285,577	$ 14,940,116	$ 40,225,693

Year Ending September 30,	Capital Lease Governmental Activities Principal	Interest	Total Requirements
2019	$ 85,075	$ 6,377	$ 91,452
2020	88,205	3,246	91,451
Total	$ 173,280	$ 9,623	$ 182,903

The annual requirements to amortize long-term debt outstanding of business-type activities as of September 30, 2018, are as follows:

Business-Type Activities

Year Ending September 30,	Certificates of Obligation Principal	Interest	Total Requirements
2019	$ 155,000	24,275	$ 179,275
2020	155,000	20,400	175,400
2021	160,000	16,462	176,462
2022	165,000	12,194	177,194
2023-2027	345,000	10,213	355,213
Total	$ 980,000	$ 83,544	$ 1,063,544

The annual requirements to amortize long-term debt outstanding of component units as of September 30, 2018, are as follows:

Component-Unit Activities

Year Ending September 30,	Certificates of Obligation Principal	Interest	Total Requirements
2019	$ 105,000	$ 99,023	$ 204,023
2020	105,000	96,555	201,555
2021	110,000	93,668	203,668
2022	110,000	90,258	200,258
2023-2027	625,000	385,143	1,010,143
2028-2032	775,000	241,050	1,016,050
2033-2037	555,000	53,675	608,675
Total	$ 2,385,000	$ 1,059,371	$ 3,444,371

The general fund has been used to liquidate compensated absences and capital lease liabilities.

E. Deferred Charges on Refunding

A deferred charge resulting from the issuance of the 2010 and 2015 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. The net balance outstanding as of September 30, 2018 was $3,152,325 for government-type activity reflected in the government-wide statements. Current year amortization expense totaled $206,009.

F. Interfund Transactions

A summary of interfund receivables and payables balances at September 30, 2018 is as follows:

Receivable fund	Payable fund	Amount
General	Trophy Club Park	$ 842
General	Nonmajor	5,317
General	Capital Projects	287,195
Debt service	Capital Projects	192,499
Debt service	Nonmajor	39,130
	Total	$ 524,983

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

Transfers between funds during the year are as follows:

Transfer in	Transfer out	Amount
Capital Projects	General	$ 35,817
Debt Service	Storm Drainage Utility	27,209
General	Storm Drainage Utility	40,000
General	Trophy Club Park	20,000
Debt Service	Nonmajor	25,000
General	Nonmajor	3,000
Debt Service	Nonmajor	147,431
	Total	$ 298,457

Transfers were primarily used to support debt service, capital expenditures, and to transfer funds to the general fund for administrative costs.

NOTE 5. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Town participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the Town's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the Town's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Contingent Liabilities

The Town is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the Town does not expect them to have a materially adverse effect on the basic financial statements.

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Contingencies

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

D. Defined Benefit Pension Plans

Texas Municipal Retirement System

Plan Description

The Town of Trophy Club, Texas participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member board of trustees. Although the Governor, with the advice and consent of the Senate, appoints the board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Plan provisions for the Town were as follows:

	Plan Year 2017	Plan Year 2016
Employee deposit rate	7%	7%
Matching ratio (town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	30% of CPI repeating	30% of CPI repeating

The Town also participates in Social Security.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	101
Active employees	75
Total	209

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town of Trophy Club, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town of Trophy Club, Texas were 13.13% and 12.78% in calendar years 2017 and 2018, respectively. The Town's contributions to TMRS for the year ended September 30, 2018, were $632,351 and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7.0% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/16	**$** 17,312,095	**$** 14,863,274	**$** 2,448,821
Changes for the year:			
Service Cost	789,530	-	789,530
Interest	1,173,728	-	1,173,728
Difference between expected and actual experience	(62,418)	-	(62,418)
Changes of assumptions	-	-	-
Contributions – employer	-	606,585	(606,585)
Contributions – employee	-	323,389	(323,389)
Net investment income	-	2,061,434	(2,061,434)
Benefit payments, including refunds of emp. contributions	(636,604)	(636,604)	-
Administrative expense	-	(10,676)	10,676
Other changes	-	(541)	541
Net changes	1,264,236	2,343,587	(1,079,351)
Balance at 12/31/17	**$** 18,576,331	**$** 17,206,861	**$** 1,369,470

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 4,348,925	$ 1,369,470	$ (1,024,451)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2018, the Town recognized a pension expense of $527,774. This amount is included as part of expenses within the functional program activities.

At September 30, 2018, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	$ -	$ (457,532)
Changes in actuarial assumptions	91,430	-
Differences between expected and actual economic experience	-	(333,422)
Contributions subsequent to the measurement date	459,415	-
Total	$ 550,845	$ (790,954)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $459,415 will be recognized as a reduction of the net pension liability for the year ending September 30, 2019.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	$ (110,462)
2019	(157,075)
2020	(220,255)
2021	(211,732)
2022	-
Thereafter	-
	$ (699,524)

E. Postemployment Benefits Other Than Pensions

The Town also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The Town offers supplemental death to:	Plan Year 2017	Plan Year 2016
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	25
Active employees	75
Total	123

The Town's contributions to the TMRS SDBF for the years ended 2018, 2017 and 2016 were $982, $912 and $482, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates

(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2016	0.01%	0.01%	100.0%
2017	0.02%	0.02%	100.0%
2018	0.02%	0.02%	100.0%

Total OPEB Liability

The Town's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2017, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation per year
Discount rate	3.31%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.31%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.31%, as well as what the Town's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

1% Decrease (2.31%)	Current Single Rate Assumption 3.31%	1% Increase (4.31%)
$ 233,146	$ 187,658	$ 153,415

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/16	**$** 154,985
Changes for the year:	
Service Cost	10,164
Interest	6,033
Changes of assumptions	17,400
Benefit payments	(924)
Net changes	32,673
Balance at 12/31/17	**$** 187,658

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the Town recognized OPEB expense of $19,250.

At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	$ 14,347
Contributions subsequent to measurement date	719
Total	**$** 15,066

The Town reported $719 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2019.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2018	$	3,053
2019		3,053
2020		3,053
2021		3,053
2022		2,135
Thereafter		-
	$	14,347

F. Other Post-Employment Benefits

Plan Description

The Town provides post-employment medical, dental, and vision benefits (OPEB) for eligible retirees, their spouses and dependents through a single-employer plan with United Healthcare, which covers both active and retired members.

As of September 30, 2018, membership consisted of:

Retirees or beneficiaries currently receiving benefits	-
Active employees	61
Total	61

The three optional benefit levels, Plan 05X8617, 05X8569 and 05X8589, are the same for retirees as those afforded to active employees. Regular full-time employees retiring from the Town have the option to continue medical insurance coverage until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan.

Funding Policy

The benefit levels and contribution rates are approved annually by the Town management and the Town Council as part of the budget process. By the Town not contributing anything toward this plan in advance, the Town employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees.

The monthly retiree health coverage contribution rates for offered benefit levels are as follows:

	High Plan 05X8589	Standard Plan 05X8569	HSA Plan 05X8617
Single Coverage	$ 488	$ 440	$ 330
Single + Spouse	$ 1,302	$ 1,174	$ 881
Single + Children	$ 923	$ 832	$ 625
Single + Family	$ 1,641	$ 1,479	$ 1,111

An irrevocable trust has not been established; therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Annual OPEB Expense and Net OPEB Liability

The Town's annual OPEB cost is calculated based on actuarially assumptions determined in accordance with the parameters of GASB 75.

The following table shows the components of the Town's annual OPEB expense for the year, the amount contributed to the plan, and changes in the Town's net OPEB liability.

Service cost	$ 5,179
Interest Cost	2,019
Annual OPEB cost expense	7,198
Contributions made	-
Change in net OPEB liability	7,198
Net OPEB Liability-beginning of year	44,561
Net OPEB Liability-end of year	$ 51,759

The Town's annual OPEB expense, the percentage of annual OPEB expense contributed to the plan, and the net OPEB liability for 2018 and the preceding year are as follows:

Fiscal Year	Annual OPEB Expense	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability Beginning	Net OPEB Liability Ending
2017	$ 15,640	0.00%	$ 28,921	$ 44,561
2018	$ 7,198	0.00%	$ 44,561	51,759

Funded Status and Funding Progress

As of September 30, 2018, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $51,759, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for fiscal year 2018 was $4,911,902, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.05%.

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on a substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the Town and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

The GASB statement requires that the discount rate used to determine the plan liabilities for retiree healthcare benefits be based on the earnings rate of the plan assets if the projected assets are sufficient to cover the projected benefit payments. If the projected assets are not sufficient then a municipal bond index rate must be used for discounting benefits not covered by the projected assets. Since there are no plan assets held in trust the Bond Buyer GO Bond 20 Index is used for determining the discount rate of 4.06%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.06%, as well as what the Town's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

1% Decrease (3.06%)	Current Single Rate Assumption 4.06%	1% Increase (5.06%)
$ -	$ -	$ -

G. PUBLIC IMPROVEMENT DISTRICT NO. 1

On May 7, 2007, the Trophy Club Town Council approved Resolution 2007-08 authorizing and providing for the creation of a Public Improvement District. Trophy Club Public Improvement District No.1 consists of approximately 609.68 acres within the corporate limits of the Town of

Trophy Club. This District was created in accordance with Chapter 372 of the Texas Local Government Code.

On December 13, 2007 the Trophy Club Town Council approved the issuance and sale of $27,500,000 in bonds, known as Trophy Club Public Improvement District No. 1 Special Assessment Revenue Bonds, Series 2007. These bonds were authorized in order to finance the authorized improvements found in the Service and Assessment Plan. An assessment on each property located in the District will repay the bonds.

The Service and Assessment Plan included the following projects: thoroughfare improvements, water distribution system improvements, wastewater collection system improvements, trails and open space, elevated water storage, thoroughfare landscaping and irrigation, screening walls and entry features, public parks, drainage improvements, and construction administration.

In December, 2015, the Town refunded the Public Improvement District No. 1 bonds. Total interest savings for the over 1,400 residences in the Public Improvement District exceeded $16.4M, with a net present value savings of over 33% of the refunded amount.

H. TAX INCENTIVES

Purpose	Percentage of Incentive paid during the Fiscal Year	Amount of Incentive paid during the Fiscal Year
In 2015, the Trophy Club Economic Development Corporation 4B entered into a 380 agreement with Old Town Development to develop two restaurants. The EDC4B agreed to pay $1,064,278 towards the developer's note for the land. The Town of Trophy Club pays out $140,773 annual per the agreement.	13%	$ 140,773
In 2015, the Trophy Club Tax Incremental Reinvestment Zone entered into a 380 agreement with Old Town Development to develop two restaurants. The TIRZ agreed to $1,000,000 in reimbursements for public improvements plus all interest associated with such public improvements.	34%	343,786
Total		**$ 484,559**

Each agreement was negotiated under Chapter 380 of the Texas Tax Code which authorizes allowing the governing body of a municipality to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality.

I. RESTATEMENT

Due to the implementation of GASB No. 75, the Town restated its beginning net position within governmental activities to properly reflect the total OPEB liability and related deferred outflows and inflows of resources, as prescribed by this accounting standard. This adjustment was recorded at the government-wide level for governmental activities. In addition, the Town also restated beginning net position/fund balance within governmental activities to correct accounting errors related to deferred taxes. The restatement of beginning net position/fund balance is as follows:

	Governmental Activities	General Fund	PID No. 1
Prior year ending net position/fund balance as reported	$ 34,996,030	$ 4,362,814	$ 3,765,977
Impact of implementation of GASB 75	(94,845)	-	-
Correction to deferred inflows of taxes	315,179	248,305	66,874
Restated beginning net position/fund balance	$ 35,216,364	$ 4,611,119	$ 3,832,851

J. SUBSEQUENT EVENTS

There were no additional material subsequent events through March 12, 2019, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 6,439,666	$ 6,489,666	$ 6,493,422	$ 3,756
Sales tax	964,299	964,299	925,572	(38,727)
Franchise and local taxes	869,631	869,631	867,446	(2,185)
License and permits	243,100	243,100	614,931	371,831
Intergovernmental	608,896	608,896	608,910	14
Charges for services	776,330	776,330	803,477	27,147
Fines and forfeitures	341,174	371,174	488,313	117,139
Investment income	40,000	90,000	109,662	19,662
Other revenue	85,144	142,956	213,906	70,950
Total Revenues	10,368,240	10,556,052	11,125,639	569,587
Expenditures				
Current:				
Manager's office	626,131	552,294	507,918	44,376
Human resources	385,805	409,693	405,362	4,331
Finance	523,132	528,845	533,987	(5,142)
Municipal court	82,013	83,281	89,899	(6,618)
Police	2,367,813	2,416,763	2,298,219	118,544
Fire	1,082,563	1,108,634	1,097,509	11,125
Facilities management	219,250	234,142	256,589	(22,447)
Emergency medical services	1,090,360	1,383,036	1,330,351	52,685
Streets	398,831	402,802	340,910	61,892
Community development	642,283	646,935	556,128	90,807
Parks and recreation	2,177,067	2,390,813	2,194,971	195,842
Legal	129,988	129,988	110,989	18,999
Information services	677,271	705,088	663,011	42,077
Debt service:				
Principal	-	-	91,452	(91,452)
Total Expenditures	10,402,507	10,992,314	10,477,295	515,019
Revenues Over (Under)	(34,267)	(436,262)	648,344	1,084,606
Other Financing Sources (Uses)				
Lease proceeds	-	-	264,732	264,732
Transfers in	963,000	963,000	63,000	(900,000)
Transfers (out)	-	-	(35,817)	(35,817)
Total Other Financing Sources	963,000	963,000	291,915	(671,085)
Net Change in Fund Balance	$ 928,733	$ 526,738	940,259	$ 413,521
Beginning fund balance			4,611,119	
Ending Fund Balance			$ 5,551,378	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PID No. 1

For the Year Ended September 30, 2018

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 2,160,573	$ 2,166,167	$ 5,594
Other revenue	45,811	60,730	14,919
Total Revenues	2,206,384	2,226,897	20,513
Expenditures			
Current:			
PID activities	45,811	2,850	42,961
Debt service:			
Principal	25,577	120,898	(95,321)
Interest and fiscal charges	2,134,996	2,053,775	81,221
Total Expenditures	2,206,384	2,177,523	28,861
Revenues Over (Under) Expenditures	-	49,374	49,374
Net Change in Fund Balance	$ -	49,374	$ 49,374
Beginning fund balance		3,832,851	
Ending Fund Balance		$ 3,882,225	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Town of Trophy Club, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2017	12/31/2016	12/31/2015
Total pension liability			
Service cost	$ 789,530	$ 795,448	$ 804,453
Interest	1,173,728	1,113,555	1,053,745
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(62,418)	(471,044)	(237,279)
Changes of assumptions	-	-	368,895
Benefit payments, including refunds of participant contributions	(636,604)	(450,496)	(632,921)
Net change in total pension liability	1,264,236	987,463	1,356,893
Total pension liability - beginning	17,312,095	16,324,632	14,967,739
Total pension liability - ending (a)	18,576,331	17,312,095	16,324,632
Plan fiduciary net position			
Contributions - employer	$ 606,585	$ 593,840	$ 658,543
Contributions - members	323,389	329,281	340,458
Net investment income	2,061,434	912,155	19,357
Benefit payments, including refunds of participant contributions	(636,604)	(450,496)	(632,921)
Administrative expenses	(10,676)	(10,296)	(11,788)
Other	(541)	(555)	(582)
Net change in plan fiduciary net position	2,343,587	1,373,929	373,067
Plan fiduciary net position - beginning	14,863,274	13,489,345	13,116,278
Plan fiduciary net position - ending (b)	$ 17,206,861	$ 14,863,274	$ 13,489,345
Fund's net pension liability - ending (a) - (b)	$ 1,369,470	$ 2,448,821	$ 2,835,287
Plan fiduciary net position as a percentage of the total pension liability	92.63%	85.85%	82.63%
Covered payroll	**$** 4,619,838	**$** 4,704,011	**$** 4,863,685
Fund's net pension liability as a percentage of covered payroll	29.64%	52.06%	58.30%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

12/31/2014 [1]
$ 809,057
970,682
(1,544,038)
(49,303)
-
(450,100)
(263,702)
15,231,441
14,967,739
$ 660,364
316,613
681,774
(450,100)
(7,117)
(585)
1,200,949
11,915,329
$ 13,116,278
$ 1,851,461
87.63%
$ 4,523,041
40.93%

Town of Trophy Club, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2018	9/30/2017	9/30/2016	9/30/2015 [1]
Actuarially determined employer contributior	$ 638,736	$ 598,176	$ 627,419	$ 642,631
Contributions in relation to the actuarially determined contribution	$ 638,736	$ 598,176	$ 627,419	$ 642,631
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Annual covered payroll	$ 4,911,902	$ 4,559,463	$ 4,822,763	$ 4,617,652
Employer contributions as a percentage of covered payroll	13.00%	13.12%	13.01%	13.92%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.

Town of Trophy Club, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

		12/31/2017	[1]
Total OPEB liability			
Service cost	$	10,164	
Interest		6,033	
Changes in benefit terms		-	
Differences between expected and actual experience		-	
Changes of assumptions		17,400	
Benefit payments, including refunds of participant contributions		(924)	
Net changes		32,673	
Total OPEB liability - beginning		154,985	
Total OPEB liability - ending (a)	$	187,658	[2]
Covered employee payroll	**$**	4,619,838	
Total OPEB Liability as a percentage of covered employee payroll		4.06%	

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

POST EMPLOYMENT HEALTHCARE BENEFITS

Years Ended:

		9/30/2018	[1]
Total OPEB liability			
Service cost	$	5,179	
Interest		2,019	
Changes in benefit terms		-	
Differences between expected and actual experience		-	
Changes of assumptions		-	
Benefit payments, including refunds of participant contributions		-	
Net changes		7,198	
Total OPEB liability - beginning		44,561	
Total OPEB liability - ending (a)	$	51,759	[2]
Covered employee payroll	**$**	4,911,902	
Total OPEB Liability as a percentage of covered employee payroll		1.05%	

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

TOWN OF
TROPHY CLUB

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Town of Trophy Club, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology
Assets			
Cash and cash equivalents	$ 742,012	$ 62,339	$ 17,498
Taxes receivable, net	59,613	40,774	-
Advances to component unit	-	37,851	-
Total Assets	$ 801,625	$ 140,964	$ 17,498
Liabilities			
Accounts payable	$ 7,540	$ 71,858	$ -
Due to other funds	3,399	1,918	-
Total Liabilities	10,939	73,776	-
Fund Balances			
Nonspendable:			
Advances to component unit	-	37,851	-
Restricted for:			
Tourism	790,686	-	-
Public safety	-	-	-
Street maintenance	-	29,337	-
Crime control and prevention	-	-	-
Court	-	-	17,498
Parks	-	-	-
Committed for:			
Recreation programs	-	-	-
Total Fund Balances	790,686	67,188	17,498
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 801,625	$ 140,964	$ 17,498

See notes to the financial statements

Court Security	Crime Control and Prevention	Recreation Programs	Park Land Dedication	Grant	Total
$ 19,657	$ 38,250	$ 4,885	$ 506,555	$ 9,886	$ 1,401,082
-	39,360	-	-	-	139,747
-	-	-	-	-	37,851
$ 19,657	$ 77,610	$ 4,885	$ 506,555	$ 9,886	$ 1,578,680
$ -	$ -	$ 1,230	$ -	$ -	$ 80,628
-	-	-	39,130	-	44,447
-	-	1,230	39,130	-	125,075
-	-	-	-	-	37,851
-	-	-	-	-	790,686
-	-	-	-	9,886	9,886
-	-	-	-	-	29,337
-	77,610	-	-	-	77,610
19,657	-	-	-	-	37,155
-	-	-	467,425	-	467,425
-	-	3,655	-	-	3,655
19,657	77,610	3,655	467,425	9,886	1,453,605
$ 19,657	$ 77,610	$ 4,885	$ 506,555	$ 9,886	$ 1,578,680

Town of Trophy Club, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology
Revenues			
Sales taxes	$ -	$ 224,501	$ -
Occupancy tax	619,506	-	-
Charges for services	-	-	-
Fines and fees	-	-	5,009
Investment income	9,296	10	-
Other revenue	10,503	-	-
Total Revenues	639,305	224,511	5,009
Expenditures			
Current:			
Court	-	-	5,437
Police	-	-	-
Tourism	248,502	-	-
Recreation	-	-	-
Public works	-	225,179	-
Total Expenditures	248,502	225,179	5,437
Excess (Deficiency) of Revenues Over (Under) Expenditures	390,803	(668)	(428)
Other Financing Sources (Uses)			
Transfers (out)	-	(25,000)	-
Total Other Financing Sources (Uses)	-	(25,000)	-
Net Change in Fund Balances	390,803	(25,668)	(428)
Beginning fund balances	399,883	92,856	17,926
Ending Fund Balances	$ 790,686	$ 67,188	$ 17,498

See notes to the financial statements

Court Security	Crime Control and Prevention	Recreation Programs	Park Land Dedication	Grant	Total
$ -	$ 224,102	$ -	$ -	$ -	$ 448,603
-	-	-	-	-	619,506
-	-	5,113	-	-	5,113
3,756	-	-	-	-	8,765
-	7	-	6,555	-	15,868
-	-	-	500,000	-	510,503
3,756	224,109	5,113	506,555	-	1,608,358
992	-	-	-	-	6,429
-	60,441	-	-	-	60,441
-	-	-	-	-	248,502
-	-	8,765	-	-	8,765
-	-	-	39,130	-	264,309
992	60,441	8,765	39,130	-	588,446
2,764	163,668	(3,652)	467,425	-	1,019,912
(3,000)	(147,431)	-	-	-	(175,431)
(3,000)	(147,431)	-	-	-	(175,431)
(236)	16,237	(3,652)	467,425	-	844,481
19,893	61,373	7,307	-	9,886	609,124
$ 19,657	$ 77,610	$ 3,655	$ 467,425	$ 9,886	$ 1,453,605

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COURT TECHNOLOGY

For the Year Ended September 30, 2018

	Original & Final Budget	Court Technology	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 3,000	$ 5,009	$ 2,009
Total Revenues	3,000	5,009	2,009
Expenditures			
Municipal court	6,169	5,437	732
Total Expenditures	6,169	5,437	732
Revenues Over (Under) Expenditures	(3,169)	(428)	2,741
Net Change in Fund Balances	$ (3,169)	(428)	$ 2,741
Beginning fund balances		17,926	
Ending Fund Balances		$ 17,498	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COURT SECURITY

For the Year Ended September 30, 2018

	Original & Final Budget	Court Security	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 2,000	$ 3,756	$ 1,756
Total Revenues	2,000	3,756	1,756
Expenditures			
Municipal court	1,800	992	808
Total Expenditures	1,800	992	808
Revenues Over Expenditures	200	2,764	2,564
Other Financing (Uses)			
Transfers (out)	(3,000)	(3,000)	-
Total Other Financing (Uses)	(3,000)	(3,000)	-
Net Change in Fund Balances	$ (2,800)	(236)	$ 2,564
Beginning fund balances		19,893	
Ending Fund Balances		$ 19,657	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET MAINTENANCE

For the Year Ended September 30, 2018

	Original & Final Budget	Street Maintenance	Variance with Final Budget Positive (Negative)	
Revenues				
Taxes	$ 232,750	$ 224,501	$ (8,249)	
Investment income	-	10	10	
Total Revenues	232,750	224,511	(8,239)	
Expenditures				
Streets	197,429	225,179	(27,750)	
Total Expenditures	197,429	225,179	(27,750)	*
Revenues Over (Under) Expenditures	35,321	(668)	(35,989)	
Other Financing (Uses)				
Transfers (out)	(25,000)	(25,000)	-	
Total Other Financing (Uses)	(25,000)	(25,000)	-	
Net Change in Fund Balances	$ 10,321	(25,668)	$ (35,989)	
Beginning fund balances		92,856		
Ending Fund Balances		$ 67,188		

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL OCCUPANCY TAX

For the Year Ended September 30, 2018

	Original & Final Budget	Hotel Occupancy Tax	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 477,994	$ 619,506	$ 141,512
Investment income	700	9,296	8,596
Miscellaneous	5,000	10,503	5,503
Total Revenues	483,694	639,305	155,611
Expenditures			
General government	132,606	-	132,606
Tourism	149,300	248,502	(99,202)
Capital outlay	50,000	-	50,000
Total Expenditures	331,906	248,502	83,404
Revenues Over Expenditures	151,788	390,803	239,015
Net Change in Fund Balances	$ 151,788	390,803	$ 239,015
Beginning fund balances		399,883	
Ending Fund Balances		$ 790,686	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CRIME CONTROL AND PREVENTION

For the Year Ended September 30, 2018

	Original & Final Budget	Crime Control and Prevention	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 209,475	$ 224,102	$ 14,627
Investment income	100	7	(93)
Total Revenues	209,575	224,109	14,534
Expenditures			
Police	62,000	60,441	1,559
Total Expenditures	62,000	60,441	1,559
Revenues Over Expenditures	147,575	163,668	16,093
Other Financing (Uses)			
Transfers (out)	(147,431)	(147,431)	-
Total Other Financing (Uses)	(147,431)	(147,431)	-
Net Change in Fund Balances	$ 144	16,237	$ 16,093
Beginning fund balances		61,373	
Ending Fund Balances		$ 77,610	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL RECREATION PROGRAMS

For the Year Ended September 30, 2018

	Original & Final Budget	Recreation Programs	Variance with Final Budget Positive (Negative)
Revenues			
Charges for services	$ 8,500	$ 5,113	$ (3,387)
Total Revenues	8,500	5,113	(3,387)
Expenditures			
Recreation	8,500	8,765	(265)
Total Expenditures	8,500	8,765	(265) *
Revenues Over Expenditures	-	(3,652)	(3,652)
Net Change in Fund Balances	$ -	(3,652)	$ (3,652)
Beginning fund balances		7,307	
Ending Fund Balances		$ 3,655	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2018

	Original & Final Budget	Debt Service	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 2,090,207	$ 2,107,577	$ 17,370
Investment income	2,000	19,894	17,894
Total Revenues	2,092,207	2,127,471	35,264
Expenditures			
Debt Service:			
Principal	1,563,000	1,463,000	100,000
Interest and fiscal charges	842,317	737,825	104,492
Administrative charges	7,500	5,235	2,265
Total Expenditures	2,412,817	2,206,060	206,757
Revenues Over (Under) Expenditures	(320,610)	(78,589)	242,021
Other Financing Sources (Uses)			
Transfers in	400,463	199,640	(200,823)
Total Other Financing Sources (Uses)	400,463	199,640	(200,823)
Net Change in Fund Balances	$ 79,853	121,051	$ 41,198
Beginning fund balances		309,043	
Ending Fund Balances		$ 430,094	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Town of Trophy Club, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUND

For the Year Ended September 30, 2018

	Original & Final Budget	Capital Projects	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ 20,000	$ 113,796	$ 93,796
Total Revenues	20,000	113,796	93,796
Expenditures			
General government	2,908,740	670,709	2,238,031
Total Expenditures	2,908,740	670,709	2,238,031
Revenues Over Expenditures	(2,888,740)	(556,913)	2,331,827
Other Financing Sources (Uses)			
Transfer in	-	35,817	35,817
Total Other Financing Sources (Uses)	-	35,817	35,817
Net Change in Fund Balances	$ (2,888,740)	(521,096)	$ 2,367,644
Beginning fund balances		6,285,515	
Ending Fund Balances		$ 5,764,419	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Town of Trophy Club, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PARK LAND DEDICATION

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Park Land Dedication	Variance with Final Budget Positive (Negative)
Revenues				
Investment income	$ -	$ -	$ 6,555	$ 6,555
Other revenue	-	500,000	500,000	-
Total Revenues	-	500,000	506,555	6,555
Expenditures				
Current:				
Public works	-	39,200	39,130	70
Total Expenditures	-	39,200	39,130	70
Revenues Over (Under)	-	460,800	467,425	6,625
Net Change in Fund Balance	$ -	$ 460,800	467,425	$ 6,625
Beginning fund balance			0	
Ending Fund Balance			$ 467,425	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

STATISTICAL SECTION

This part of the Town of Trophy Club's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents **Page**

Financial Trends 106

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 119

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 126

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 131

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 134

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Town of Trophy Club, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	$ 33,443,249	$ 36,491,021	$ 47,668,302	$ 50,050,855
Restricted	40,716	39,003	57,471	1,191,411
Unrestricted	6,197,041	4,569,344	2,689,482	2,158,558
Total governmental activities net position	$ 39,681,006	$ 41,099,368	$ 50,415,255	$ 53,400,824
Business-type activities				
Net investment in capital assets	$ -	$ -	$ -	$ -
Unrestricted	-	-	12,541	46,866
Total business-type activities net position	-	-	12,541	$ 46,866
Primary government				
Net investment in capital assets	$ 33,443,249	$ 36,491,021	$ 47,668,302	$ 50,050,855
Restricted	40,716	39,003	57,471	1,191,411
Unrestricted	6,197,041	4,569,344	2,702,023	2,205,424
Total primary governmental net position	$ 39,681,006	$ 41,099,368	$ 50,427,796	$ 53,447,690

Source: Town audited financial records

Notes: The Town implemented the GASB Stateemnt No. 34 model of reporting fiscal year ending September 30, 2004.
The Town did not have business-type activities prior to fiscal year 2011.
The Town implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this
The Town implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.
The Town implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard.

2013	2014	2015	2016	2017	2018
$ 54,425,735	$ 53,586,441	$ 27,620,857	$ 26,940,643	$ 27,125,337	$ 26,607,132
315,480	564,472	4,035,428	4,433,649	4,676,837	5,762,269
2,896,674	3,119,531	2,279,194	1,995,960	3,414,190	3,499,854
$ 57,637,889	$ 57,270,444	$ 33,935,479	$ 33,370,252	$ 35,216,364	$ 35,869,255
$ 52,848	$ 560,931	$ 513,930	$ 680,146	$ 776,097	$ 877,048
230,592	(4,845)	163,047	171,755	350,752	633,294
$ 283,440	$ 556,086	$ 676,977	$ 851,901	$ 1,126,849	$ 1,510,342
$ 54,478,583	$ 54,147,372	$ 28,134,787	$ 27,620,789	$ 27,901,434	$ 27,484,180
315,480	564,472	4,035,428	4,433,649	4,676,837	5,762,269
3,127,266	3,114,686	2,442,241	2,167,715	3,764,942	4,133,148
$ 57,921,329	$ 57,826,530	$ 34,612,456	$ 34,222,153	$ 36,343,213	$ 37,379,597

Town of Trophy Club, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	$ 1,421,942	$ 1,717,961	$ 2,807,237	$ 1,984,137
PID activities	-	-	-	-
Public safety	2,013,822	2,211,108	2,275,778	2,392,798
Streets and infrastructure	1,326,986	1,335,674	1,372,501	1,829,799
Community development	298,287	353,894	345,804	485,614
Water and sewer	-	-	617,001	92
Storm drainage	-	-	-	-
Parks and recreation	1,224,521	1,596,619	1,844,573	1,564,660
Interest on long-term debt	391,346	391,593	558,473	498,569
Total governmental activities expenses	6,676,904	7,606,849	9,821,367	8,755,669
Business-type activities:				
Trophy Club Park	-	-	98,935	130,185
Storm Drainage	-	-	156,461	96,488
Total business-type activities expenses	-	-	255,396	226,673
Total primary government expenses	6,676,904	7,606,849	10,076,763	8,982,342
Program Revenues				
Governmental activities:				
Charges for services				
Community Development	-	713,920	792,065	1,128,234
Water and sewer	-	305,580	612,722	2,040
Other	1,551,633	688,554	669,827	854,349
Operating grants and contributions	55,801	385,429	340,748	342,894
Capital grants and contributions	3,736,920	323,822	10,627,098	2,682,302
Total governmental activities program	5,344,354	2,417,305	13,042,460	5,009,819
Business-type activities:				
Charges for services	-	-	253,034	325,380
Operating grants and contributions	-	-	-	-
Total business-type activities program	-	-	253,034	325,380
Total primary government program revenues	$ 5,344,354	$ 2,417,305	$ 13,295,494	$ 5,335,199

2013	2014	2015	2016	2017	2018
$ 1,902,621	$ 2,113,664	$ 1,955,949	$ 2,728,642	$ 2,533,298	$ 3,398,500
-	-	2,736,000	2,122,901	48,520	2,850
2,898,737	3,125,577	2,306,609	3,540,703	4,607,380	4,637,609
2,234,140	1,764,396	1,716,531	1,878,119	1,728,809	1,671,692
599,872	620,209	436,090	640,404	738,659	695,637
261,106	311,677	319,054	319,054	-	-
227,067	231,370	234,339	234,287	-	-
2,037,590	2,555,844	2,253,982	2,652,384	2,761,053	2,644,329
489,337	412,561	469,923	496,019	2,365,059	2,771,762
10,650,470	11,135,298	12,428,477	14,612,513	14,782,778	15,822,379
98,718	134,625	123,445	109,325	116,477	93,677
121,269	103,001	205,331	174,499	120,295	129,722
219,987	237,626	328,776	283,824	236,772	223,399
10,870,457	11,372,924	12,757,253	14,896,337	15,019,550	16,045,778
968,285	895,508	702,578	605,558	-	-
-	-	-	-	-	-
793,205	783,359	752,102	607,453	1,576,453	1,927,099
952,648	423,960	550,495	141,071	581,633	608,910
4,793,132	761,196	1,254,997	-	-	
7,507,270	2,864,023	3,260,172	1,354,082	2,158,086	2,536,009
506,205	550,617	484,874	466,934	596,520	686,843
-	-	-	61,106	-	-
506,205	550,617	484,874	528,040	596,520	686,843
$ 8,013,475	$ 3,414,640	$ 3,745,046	$ 1,882,122	$ 2,754,606	$ 3,222,852

Town of Trophy Club, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2009	2010	2011	2012
Net (Expenses) Revenue				
Governmental activities	$ (1,332,550)	$ (5,189,544)	$ 3,221,093	$ (3,745,850)
Business-type activities	-	-	(2,362)	98,707
Total primary government net expenses	$ (1,332,550)	$ (5,189,544)	$ 3,218,731	$ (3,647,143)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	3,639,192	3,889,157	4,480,999	4,897,615
Sales and mixed beverage taxes	588,362	674,131	631,561	754,105
Other taxes	563,340	537,644	648,400	706,065
Intergovernmental revenue	260,507	409,454	-	-
Investment income	85,800	17,634	15,162	7,983
Miscellaneous revenues	163,192	126,949	333,497	301,269
Transfers	-	-	75,819	64,382
Total governmental activities	5,300,393	5,654,969	6,185,438	6,731,419
Business-type activities:				
Investment income	-	-	78	-
Special items	-	-	-	-
Transfers	-	-	(75,819)	(64,382)
Total business-type activities	-	-	(75,741)	(64,382)
Total primary government	$ 5,300,393	$ 5,654,969	$ 6,109,697	$ 6,667,037
Change in Net Position				
Governmental activities	$ 3,967,843	$ 465,425	$ 9,406,531	$ 2,985,569
Business-type activities	-	-	(78,103)	34,325
Total primary government	$ 3,967,843	$ 465,425	$ 9,328,428	$ 3,019,894

Source: Town audited financial records

Notes: The Town implemented the GASB 34 model of reporting fiscal year ending September
The Town did not have business-type activities prior to fiscal year 2011.
The Town implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard.
The Town implemented GASB No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.
The Town implemented GASB No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard.

2013	2014	2015	2016	2017	2018
$ (3,143,200)	$ (8,271,275)	$ (9,168,305)	$ (13,258,431)	$ (12,624,692)	$ (13,286,370)
286,218	312,991	156,098	244,216	359,748	463,444
$ (2,856,982)	$ (7,958,284)	$ (9,012,207)	$ (13,014,215)	$ (12,264,944)	$ (12,822,926)
5,334,140	5,955,398	9,364,705	9,701,080	10,398,462	10,699,296
781,054	965,969	1,104,298	1,217,693	1,306,243	1,374,175
828,338	1,020,554	1,027,407	1,255,995	1,376,352	1,486,952
-	-	-	-	-	-
7,193	4,973	11,331	65,709	146,015	259,220
379,896	185,922	100,202	382,521	908,540	32,409
49,644	28,607	35,350	70,206	86,887	87,209
7,380,265	8,161,423	11,643,293	12,693,204	14,222,499	13,939,261
-	25	143	914	2,087	7,258
-	26,001	-	-	-	-
(49,644)	(28,607)	(35,350)	(70,206)	(86,887)	(87,209)
(49,644)	(2,581)	(35,207)	(69,292)	(84,800)	(79,951)
$ 7,330,621	$ 8,158,842	$ 11,608,086	$ 12,623,912	$ 14,137,699	$ 13,859,310
$ 4,237,065	$ (109,852)	$ 2,474,988	$ (565,227)	$ 1,597,807	$ 652,891
236,574	310,410	120,891	174,924	274,948	383,493
$ 4,473,639	$ 200,558	$ 2,595,879	$ (390,303)	$ 1,872,755	$ 1,036,384

Town of Trophy Club, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2009	2010	2011	2012
General Fund				
Nonspendable for prepaids	$ -	$ -	$ 2,620	$ 796
Nonspendable for advances	-	-	-	-
Assigned for capital expenditures	-	-	228,138	228,138
Commtted for Police	-	-	-	-
Unassigned	-	-	2,412,034	2,902,168
Reserved	56,968	57,486	-	-
Unreserved	2,010,869	2,056,334	-	-
Total general fund	$ 2,067,837	$ 2,113,820	$ 2,642,792	$ 3,131,102
All Other Governmental Funds				
Nonspendable for advances	$ -	$ -	$ -	$ -
Restricted for:				
Debt Service	-	-	85,388	94,267
Capital Projects	-	-	1,599,988	996,425
PID No. 1	-	-	-	-
Tourism	-	-	1,890	1,321
Parks	-	-	-	-
Street Maintenance	-	-	34,750	75,999
Town Anniversary	-	-	2,114	2,114
Water Services	-	-	12,788	-
Court	-	-	-	49,962
Public Safety	-	-	-	-
Committed for:				
Recreation programs	-	-	-	-
Unassigned	-	-	(26,477)	(257,350)
Reserved for:				
Debt service	63,305	83,067	-	-
Prepaid items	-	1,567	-	-
Encumbrances	-	48,000	-	-
Capital projects funds	3,750,206	6,709,402	-	-
Unreserved, reported in:				
Special revenue funds	8,231	151,970	-	-
Total all other governmental funds	$ 3,821,742	$ 6,994,006	$ 1,710,441	$ 962,738

Source: Town audited financial records

(1) The Town implemented the GASB 54 during fiscal year ended September 30, 2011.

2013	2014	2015	2016	2017	2018
$ 796	$ 796	$ 1,816	$ 54,397	$ 91,278	$ 44,474
-	-	-	-	-	386,503
228,138	228,138	228,138	-	-	-
-	-	200,000	189,475	183,858	182,718
2,398,330	2,816,087	3,261,235	3,950,290	4,335,983	4,937,683
-	-	-	-	-	-
-	-	-	-	-	-
$ 2,627,264	$ 3,045,021	$ 3,691,189	$ 4,194,162	$ 4,611,119	$ 5,551,378
$ -	$ -	$ -	$ -	$ -	$ 205,668
119,722	118,092	118,542	143,174	309,043	262,277
2,065,759	4,505,273	1,694,546	8,764,936	6,285,515	5,764,419
-		4,229,068	3,869,425	3,832,851	3,882,225
87,225	283,481	475,748	564,363	399,883	790,686
-	-	-	-	-	467,425
46,700	39,915	65,306	-	92,856	29,337
2,114	2,114	3,497	-	-	-
-	-	-	-	-	-
60,927	46,253	43,422	39,668	37,819	37,155
23,007	93,746	134,265	210,189	71,259	87,496
-	2,812	3,395	2,269	7,307	3,655
(11,517)	(6,333)	(6,327)	(5,017)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
		-	-	-	-
-	-	-	-	-	-
$ 2,393,937	$ 5,085,353	$ 6,761,462	$ 13,589,007	$ 11,036,533	$ 11,530,343

Town of Trophy Club, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues				
Taxes				
Ad valorem taxes	$ 3,623,124	$ 3,890,927	$ 4,457,829	$ 4,916,886
Sales and mixed beverage taxes	588,362	674,131	631,561	754,105
Franchise taxes	546,271	519,959	608,806	693,722
Occupancy	17,069	17,685	22,644	20,543
Licenses, permits & fees	631,895	719,333	798,520	1,128,234
Intergovernmental	235,715	237,756	375,749	342,894
Charges for services	794,185	868,571	1,140,556	670,186
Fines & Fees	140,553	120,151	167,461	157,143
Contributions	3,736,920	709,251	265,426	322,536
Investment Income	85,800	17,634	15,162	7,983
Grant revenue	50,191	171,698	318,954	1,400,252
Miscellaneous	178,594	126,949	335,796	82,057
Total revenues	10,628,679	8,074,045	9,138,464	10,496,541
Expenditures				
Current:				
General government	1,523,604	1,722,229	1,763,048	1,968,287
PID activities	-	-	-	-
Public safety	1,944,643	2,169,477	2,237,263	2,408,103
Highways & streets	791,304	568,619	811,854	2,017,548
Community development	265,162	344,278	189,425	481,473
Water and sewer	-	-	617,001	92
Culture & recreation	1,230,193	1,393,751	1,523,133	1,659,656
Debt Service:				
Principal	515,000	540,000	803,000	885,000
Interest	389,921	371,721	551,955	475,266
Other charges	-	82,245	74,324	21,200
Capital Outlay	10,394,523	3,223,478	5,390,630	1,403,691
Total expenditures	17,054,350	10,415,798	13,961,633	11,320,316
Excess of revenues over (under) expenditures	(6,425,671)	(2,341,753)	(4,823,169)	(823,775)

2013	2014	2015	2016	2017	2018
$ 5,330,778	$ 5,908,764	$ 9,387,548	$ 9,710,760	$ 10,261,991	$ 10,767,166
781,054	965,969	1,104,298	1,217,694	1,306,243	1,374,175
718,952	772,621	811,052	953,622	888,863	867,446
108,170	235,796	264,708	302,374	487,489	619,506
968,285	904,251	697,378	598,586	333,780	614,931
888,896	133,004	326,195	26,237	581,633	608,910
592,146	611,781	293,011	310,735	820,530	808,590
171,579	126,111	580,648	362,409	355,504	497,078
1,472	-	-	-	-	-
7,193	4,974	11,330	65,708	146,015	259,220
490,850	61,383	147,691	7,942	-	-
388,894	485,380	100,202	407,418	158,540	785,139
10,448,269	10,210,034	13,724,061	13,963,485	15,340,588	17,202,161
1,844,939	1,947,650	2,273,447	2,349,120	2,191,140	2,404,704
-	-	314,344	81,793	44,984	2,850
2,905,923	2,918,484	2,896,632	3,187,064	4,117,992	4,502,314
1,067,962	517,964	516,035	566,927	179,448	340,910
576,306	587,760	479,477	576,508	582,259	449,178
-	-	-	-	-	-
1,491,496	1,853,811	1,799,204	1,892,065	1,991,571	2,708,827
2,294,000	998,000	1,438,000	2,153,974	1,567,004	1,675,350
456,417	398,872	2,504,235	2,055,694	2,555,580	2,791,600
29,367	75,100	42,736	1,340,786	74,591	5,235
237,936	885,436	3,466,307	3,395,509	9,146,919	1,239,065
10,904,346	10,183,077	15,730,417	17,599,440	22,451,488	16,120,033
(456,077)	26,957	(2,006,356)	(3,635,955)	(7,110,900)	1,082,128

Town of Trophy Club, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2009	2010	2011	2012
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease obligation	23,310	-	-	-
Proceeds from contractual obligations	-	5,560,000	-	-
Proceeds from bonds	-	-	2,790,000	500,000
Premium on bonds	-	-	118,904	
Payment to refunded bond escrow agent	-	-	(2,825,503)	-
Transfer from other funds	104,700	276,317	185,835	191,878
Transfer to other funds	(104,700)	(276,317)	(110,016)	(127,496)
Total other financing sources (uses)	23,310	5,560,000	159,220	564,382
NET CHANGE IN FUND BALANCES	$ (6,402,361)	$ 3,218,247	$ (4,663,949)	$ (259,393)
Debt service as a percentage of non-capital expenditures	13.59%	12.68%	15.81%	13.72%

Source: Town audited financial records

2013	2014	2015	2016	2017	2018
-	-	-	-	-	264,732
-	2,500,000	-	4,210,000	-	-
1,300,000	600,000	2,030,000	31,399,979	4,445,000	-
33,794	50,329	-	5,020,788	128,317	-
-	-	(2,026,710)	(29,734,500)	-	-
876,553	55,741	63,350	493,947	993,250	298,457
(826,909)	(27,134)	(28,000)	(423,741)	(906,363)	(211,248)
1,383,438	3,178,936	38,640	10,966,473	4,660,204	351,941
$ 927,361	$ 3,205,893	$ (1,967,716)	$ 7,330,518	$ (2,450,696)	$ 1,434,069
25.79%	15.02%	32.14%	29.64%	30.99%	31.23%

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Non Real Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	$ 802,085,464	$ 30,781,322	$ 43,426,286	$ 789,440,500	$ 0.45551
2010	861,983,993	28,133,834	49,316,322	840,801,505	0.47000
2011	901,333,893	24,792,616	52,794,045	873,332,464	0.51500
2012	971,822,347	23,862,338	54,212,507	941,472,178	0.53000
2013	1,068,605,127	24,460,719	59,911,204	1,033,154,642	0.51854
2014	1,248,215,265	25,845,178	60,160,746	1,213,899,697	0.49930
2015	1,426,754,517	20,304,259	64,382,412	1,382,676,364	0.49000
2016	1,618,577,881	28,301,916	68,622,814	1,578,256,983	0.48400
2017	1,816,191,857	29,805,970	73,301,474	1,772,696,353	0.47300
2018	1,986,456,291	32,335,529	83,492,349	1,935,299,471	0.45144

Source: Denton & Tarrant County Central Appraisal District Certified Roll

Note: Total Taxable Assessed Value is not adjusted for tax ceilings.

Town of Trophy Club, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

	Town of Trophy Club			Overlapping Rates			
Fiscal Year	Operating Millage	Debt Service Millage	Total Town Millage	Northwest ISD	Trophy Club MUD #1	Trophy Club MUD #2	Denton County
2009	$ 0.374310	$ 0.081200	$ 0.455510	$ 1.335000	$ 0.225000	$ 0.264230	$ 0.235770
2010	0.388380	0.081620	0.470000	1.355000	0.205000	0.205000	0.249800
2011	0.397220	0.117780	0.515000	1.375000	0.195000	-	0.273900
2012	0.415013	0.114987	0.530000	1.375000	0.175000	-	0.277357
2013	0.403543	0.115000	0.518543	1.375000	0.133390	-	0.282867
2014	0.384300	0.115000	0.499300	1.452500	0.133390	-	0.284914
2015	0.380000	0.110000	0.490000	1.452500	0.133390	-	0.272200
2016	0.374000	0.110000	0.484000	1.452500	0.131140	-	0.262000
2017	0.363000	0.110000	0.473000	1.452500	0.127220	-	0.248409
2018	0.341442	0.110000	0.451442	1.490000	0.120210	-	0.237181

Source: Denton & Tarrant County Appraisal Districts

(1) The Town implemented the GASB 34 model of reporting fiscal year ending September 30, 2004.

Overlapping Rates							Total
Trophy Club PID #1 ESD	Tarrant County	Tarrant County College	Tarrant County Hospital	Total MUD #1 Millage	Total MUD #2 Millage	Total PID #1 ESD Millage	Direct & Overlapping Rates
$ -	$ 0.264000	$ 0.137960	$ 0.227897	$ 2.734440	$ 2.920367	$ 2.107480	$ 3.145367
0.109140	0.264000	0.137670	0.227897	2.872230	3.018507	2.265560	3.223507
0.109250	0.264000	0.137640	0.227897	2.987570	N/A	2.390930	3.097687
0.109250	0.264000	0.148970	0.227897	2.994564	N/A	2.406594	3.107474
0.104000	0.264000	0.149500	0.227897	2.942300	N/A	2.395410	3.055197
0.087380	0.264000	0.149500	0.227897	2.985984	N/A	2.439094	3.098881
0.077270	0.264000	0.149500	0.227897	2.948860	N/A	2.401970	3.066757
0.072220	0.264000	0.149500	0.227897	2.925360	N/A	2.380720	3.043257
0.074450	0.254000	0.144730	0.227897	2.884309	N/A	2.358359	3.002206
0.068700	0.244000	0.140060	0.224429	2.861593	N/A	2.357323	2.976022

Town of Trophy Club, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Fiscal Year and Eight Years Ago (Unaudited)

	2018		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value** (1)
Trophy Club 2850 Medical Properties/Center LP	$ 26,426,203	1	1.37%
Trophy Club 12 LLC	17,899,304	2	0.92%
Armore Trophy Club LLC	12,100,000	3	0.63%
Trophy Lodging LTD	9,000,000	4	0.47%
Trophy Club Equities LLC	7,858,202	5	0.41%
4663 Okeechobee Blvd. and Palm Beach Holdings	7,756,757	6	0.40%
Hydra Hotels LLC	7,400,000	7	0.38%
Shri Siddhi Vinayak LLC	6,680,700	8	0.35%
Oncor Electric Delivery Co	6,643,660	9	0.34%
Clubcorp Colf TEX LP P/S	6,396,235	10	0.33%
CNL Retirement CRSI Trophy Club TX LP	-	n/a	n/a
Clubcorp Golf Texas LP	-	n/a	n/a
High Trophy Development LP	-	n/a	n/a
Goodman Family of Builders LP	-	n/a	n/a
Trophy Club Medical Center	-	n/a	n/a
Regency Centers LP	-	n/a	n/a
Standard Pacific of Texas LP	-	n/a	n/a
BMDR Development LLC	-	n/a	n/a
Totals	$ 108,161,061		5.58%

Source: Denton and Tarrant County Central Appraisal District

* The Town could not provide information going back 10 years. The most recently available information was for tax year 2010.

(1) Total taxable value including real and personal property for tax year 2018 (fiscal year 2017) is $1,935,299,471

(2) Total taxable value including real and personal property for tax year 2010 (fiscal year 2009) is $840,801,505

2010 *		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
-	n/a	n/a
-	n/a	n/a
-	n/a	n/a
-	n/a	n/a
-	n/a	n/a
6,000,000	5	0.71%
-	n/a	n/a
-	n/a	n/a
4,731,860	9	0.56%
-	n/a	n/a
$ 18,395,000	1	2.19%
6,629,584	2	0.79%
6,176,998	3	0.73%
6,016,687	4	0.72%
5,878,060	6	0.70%
5,875,000	7	0.70%
5,509,437	8	0.66%
4,347,980	10	0.52%
$ 69,560,606		8.26%

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Town of Trophy Club, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 3,563,202	$ 3,525,248	98.93%	$ 37,057	$ 3,562,305	99.97%
2010	3,864,014	3,836,568	99.29%	25,394	3,861,962	99.95%
2011	4,446,960	4,414,699	99.27%	25,723	4,440,422	99.85%
2012	4,858,136	4,838,092	99.59%	13,713	4,851,805	99.87%
2013	5,259,719	5,244,699	99.71%	7,742	5,252,441	99.86%
2014	5,904,591	5,869,976	99.41%	26,096	5,896,072	99.86%
2015	6,665,433	6,642,558	99.66%	14,063	6,656,620	99.87%
2016	7,477,394	7,456,542	99.72%	13,133	7,469,675	99.90%
2017	8,188,616	8,153,915	99.58%	10,117	8,164,032	99.70%
2018	8,627,946	8,614,737	99.85%	-	8,614,737	99.85%

Source: Denton County Tax Assessor Collector

Town of Trophy Club, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Premium	Capital Leases
2009	$ 7,310,000	$ 852,000	$ -	$ -	$ -
2010	12,400,000	782,000	-	-	92,240
2011	11,833,750	709,000	-	-	30,570
2012	11,505,149	634,000	-	-	-
2013	9,464,076	1,698,419	-	-	-
2014	9,085,567	4,212,132	-	-	-
2015	8,344,695	4,029,431	26,481,000	-	-
2016	12,375,000	7,961,000	25,710,479	4,916,763	-
2017	11,450,000	12,068,000	25,406,475	4,754,458	-
2018	10,640,000	11,415,000	25,285,577	4,457,420	173,280

(1) Personal Income and population found on Table 15 of the Statistical Section

Business-Type Activities				
Certificates of Obligation	Premium	Total Primary Government	Percentage of Personal Income (2)	Per Capita
-	$ -	$ 8,162,000	3.28%	$ 1,074
-	-	13,274,240	4.92%	1,618
-	-	12,573,320	3.69%	1,531
-	-	12,139,149	3.03%	1,348
1,743,456	-	12,905,951	2.86%	1,199
1,599,038	-	14,896,737	3.07%	1,293
1,454,619	-	40,309,745	7.62%	3,348
1,275,000	30,200	52,268,442	9.35%	4,200
1,130,000	25,779	54,834,712	9.26%	4,234
980,000	21,358	52,972,635	8.06%	3,828

Town of Trophy Club, Texas

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2009	$ 7,310,000	$ 852,000	$ -	1.03%	$ 1,074
2010	12,400,000	782,000	-	1.57%	1,607
2011	11,833,750	709,000	-	1.44%	1,528
2012	11,505,149	634,000	-	1.29%	1,348
2013	9,464,076	1,698,419	-	1.08%	1,037
2014	9,085,567	4,212,132	-	1.10%	1,154
2015	8,344,695	4,029,431	-	0.89%	1,028
2016	12,375,000	7,961,000	25,710,479	1.29%	1,634
2017	11,450,000	12,068,000	25,406,475	1.33%	1,890
2018	10,640,000	11,415,000	25,285,577	1.14%	1,594

[a] Property values are from table 5.

[b] Populations are from table 12.

Town of Trophy Club, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2018 (Unaudited)

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	$ 612,630,000	2.08%	$ 12,772,218
Northwest Independent School District	870,670,379	5.32273%	46,343,403
Tarrant County	321,795,000	0.07%	240,849
Tarrant County Hospital District	36,430,000	0.07%	27,266
Trophy Club MUD #1	21,235,000	0.60%	126,490
Subtotal, overlapping debt	$ 1,862,760,379		$ 59,510,226
Town of Trophy Club, direct debt	50,705,577	100.00%	50,705,577
Total Direct and Overlapping Debt Principal	$ 1,913,465,956		$ 110,215,803

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Trophy Club. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Most recent Texas Municipal Reports (TMR) published by the Municipal Advisory Council of Texas.

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Town of Trophy Club, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Estimated Population[a]	Total Households[a]	Median Household Income[b]	Total Personal Income	Unemployment Rate[c]
2009	7,600	2,763	$ 92,492	$ 255,555,396	7.41
2010	8,204	2,930	92,492	271,001,560	7.59
2011	8,210	3,179	107,150	340,629,850	7.09
2012	9,005	3,379	118,595	400,732,505	6.10
2013	10,760	3,680	122,539	450,943,520	5.65
2014	11,525	3,891	124,593	484,791,363	4.72
2015	12,040	4,153	127,391	529,054,823	3.88
2016	12,446	4,342	128,750	559,032,500	3.66
2017	12,950	4,435	133,457	591,881,795	3.38
2018	13,838	4,723	139,156	657,233,788	3.40

Sources: a Estimated population using residential water connections

b United States Census Bureau

c Federal Bank of St. Louis Economic Research; Denton and Tarrant Counties' data averaged 2018.

Town of Trophy Club, Texas

PRINCIPAL EMPLOYERS

Current Year and Six Years Ago (1)

	2018	
Employer	**Employees**	**Percentage of Total Town Employment**
Northwest Independent School District	418	20.90%
Baylor Medical Center at Trophy Club	230	11.00%
Trophy Club Country Club	220	11.50%
Town of Trophy Club[4]	190	9.50%
Tom Thumb	127	6.35%
Bread Winners Cafe	72	3.60%
Fellowship United Methodist Church	51	2.55%
Premier Academy - Trophy Club	42	2.10%
Trophy Lake Academy	41	2.05%
Cristina's Mexican Restaurant	28	1.40%
Total	1,419	70.95%

(1) Employment data is not available prior to 2012.

(2) Staff estimated total Town employment of 1,500 for fiscal year 2018

(3) Staff estimated total Town employment of 1000 for fiscal year 2012

(4) Includes Full Time, Part Time, and Seasonal

	2012	
Employer	**Employees**	**Percentage of Total Town Employment**
Northwest Independent School District	341	32.47%
Baylor Medical Center at Trophy Club	125	11.90%
Trophy Club Country Club	150	14.28%
Tom Thumb	90	8.57%
Town of Trophy Club & Trophy Club MUD #1	93	8.85%
Cristina's Mexican Restaurant	45	4.28%
Fellowship United Methodist Church	39	3.71%
Church at Trophy Lake	30	2.86%
Walgreen's	23	2.19%
Bank of America	11	1.05%
	947	90.16%

Town of Trophy Club, Texas

FULL-TIME TOWN GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years (Unaudited)

Function	2009	2010	2011	2012	2013	2014
General Government and Adminstration	9	10	12	13	12	14
Public Safety	22	22	22	23	28	31
Streets	6	5	5	5	5	5
Parks and Recreation	11	11	11	16	16	17
Community Development	3	3	3	5	6	7
Total	50	50	53	62	67	74

Source: Departmental records

2015	2016	2017	2018
13	14	13	14
32	33	33	34
4	4	4	2
17	17	16	17
6	6	6	6
72	73	73	73

Town of Trophy Club, Texas

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years (Unaudited)

Function	2009	2010	2011	2012	2013
Public Safety					
Police					
Number of stations	1	1	1	1	1
Number of police personnel	15	16	17	15	18
Number of arrests	121	125	128	102	101
Number of traffic stops	3,608	2,696	2,821	2,602	2,443
Fire					
Number of stations	1	1	1	1	1
Number of fire personnel	14	14	14	14	14
Number of calls answered	689	651	741	845	945
Developmental					
Miles of streets	36	39	42	43	43
Parks/Recreational Changes					
Parks	8	8	7	6	6
Park acreage	1,037	1,037	1,037	1,039	1,039

Source: Departmental records

2014	2015	2016	2017	2018
1	1	1	1	2
23	25	25	26	26
82	125	145	148	130
2,004	2,912	3,635	2,922	4,262
1	1	1	1	1
15	15	16	17	18
907	868	898	868	858
43	43	43	43	43
6	6	6	6	6
1,039	1,039	1,039	1,039	1,039